



CO2 Group Limited

ABN 50 009 317 846

Level 11 225 St Georges Terrace

Perth Western Australia 6000

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Perth Western Australia 6850

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www.co2australia.com.au

Our Ref: CO2 ASX Announce Annual General Meeting Notice & Proxy (241)

21 October 2008

ANNOUNCEMENT 241

Company Announcements Office
Australian Stock Exchange
10th Floor
20 Bond Street
SYDNEY NSW 2000

By ASX Online
Number of pages: 14
(including this page)

Dear Sir

Re: Notice of 2008 Annual General Meeting & Proxy

Enclosed are the following CO2 Group Limited documents which will be sent to shareholders today:

- Notice of Annual General Meeting with supporting Explanatory Memorandum; and
- Pro forma Proxy Form.

The Annual Report for the year ended 30 June 2008 which will be sent to those shareholders who have requested a copy was released to the market on 27 August 2008.

The Report is available at:

<http://www.co2australia.com.au/Investors/GroupedPDFList.aspx>

The Company's Annual General Meeting will be held on Thursday 20 November 2008 at 10.00 am.

Yours faithfully

Harley Whitcombe
Company Secretary

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CO2 Group Limited

ABN 50 009 317 846

NOTICE OF ANNUAL GENERAL MEETING

A PROXY FORM IS ENCLOSED

Please read the Notice and Explanatory Memorandum carefully.

If you are unable to attend the Annual General Meeting, please complete and return the enclosed Proxy Form in accordance with the specified directions.

NOTICE OF ANNUAL GENERAL MEETING

CO2 Group Limited (ABN 50 009 317 846)

Time: 10.00 am (WST)
Date: 20 November 2008
Place: Function Room
Level 2
QV1 Building
250 St Georges Terrace
Perth Western Australia 6000

Notice is given of the 2008 annual general meeting of CO2 Group Limited (**Company**).
This notice of meeting is issued by CO2 Group Limited of Level 11, 225 St George's Terrace, Perth, Western Australia.

BUSINESS

The business of the meeting will consist of the following:

ORDINARY BUSINESS

1 FINANCIAL REPORT

To receive and consider the financial report of the Company for the year ended 30 June 2008, and the directors' and auditor's reports.

2 RE-ELECTION OF DIRECTOR – RESOLUTION 1

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That Harley Ronald Whitcombe retires pursuant to Rule 7.1(d) of the Company's constitution, and being eligible, is re-elected as a director of the Company."

3 RE-ELECTION OF DIRECTOR – RESOLUTION 2

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That Paul John Favretto, having been appointed as a director of the Company by the Directors since the last annual general meeting of the Company, who retires pursuant to Rule 7.1(c) of the Company's constitution and being eligible, is re-elected as a director of the Company."

REMUNERATION MATTERS

4 REMUNERATION REPORT – RESOLUTION 3

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of Section 250R(2) of the Corporations Act, the Company adopt the Remuneration Report as set out in the Annual Report for the year ended 30 June 2008."

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

SPECIAL BUSINESS

5 ISSUE OF OPTIONS– RESOLUTION 4

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That for the purposes of Listing Rule 10.11 of the Official Listing Rules of ASX Limited and for Chapter 2E of the Corporations Act 2001 (Cth) and for all other purposes, Christopher David Mitchell be issued 3,000,000 options to acquire fully paid ordinary shares in the capital of the Company on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.”

Short Explanation: Dr Mitchell is a related party of the Company. For this reason, the Company is seeking approval to the grant of options to Dr Mitchell under Listing Rule 10.11 of the Official Listing Rules of ASX Limited (**Listing Rules**) and Chapter 2E of the Corporations Act 2001 (Cth) (**Corporations Act**).

Voting Exclusion: In accordance with Listing Rule 10.13.6 and section 224 of the Corporations Act, the Company will disregard any votes cast by or on behalf of Dr Mitchell or any of his associates in relation to resolution 4. The Company however need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions of the proxy form, or it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

6 ISSUE OF OPTIONS– RESOLUTION 5

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That for the purposes of Listing Rule 10.11 of the Official Listing Rules of ASX Limited and for Chapter 2E of the Corporations Act 2001 (Cth) and for all other purposes, Malcolm Brian Hemmerling be issued 1,500,000 options to acquire fully paid ordinary shares in the capital of the Company on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.”

Short Explanation: Dr Hemmerling is a related party of the Company. For this reason, the Company is seeking approval to the grant of options to Dr Hemmerling under Listing Rule 10.11 and Chapter 2E of the Corporations Act.

Voting Exclusion: In accordance with Listing Rule 10.13.6 and section 224 of the Corporations Act, the Company will disregard any votes cast by or on behalf of Dr Hemmerling or any of his associates in relation to resolution 5. The Company however need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions of the proxy form, or it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

How do you exercise your right to vote?

All holders of ordinary shares appearing on the CO2 Group Limited share register at 5.00pm (WST) on 18th November 2008 are entitled to attend and vote at the meeting.

Jointly held shares

If your shares are jointly held, only one of the joint holders is entitled to vote. If more than one holder votes in respect of jointly held shares, only the vote of the holder whose name appears first on the register will be counted. You need not exercise all of your votes in the same way, nor need you cast all of your votes.

Corporations voting

In order to vote at the meeting, a corporation, which is a member, may appoint a person to act as its representative. A representative does not have to be a shareholder of CO2 Group Limited. The appointment should comply with section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment including any authority under which it is signed. Alternatively, you may appoint a proxy to vote on your behalf.

Voting by proxy

If you cannot attend, you may appoint a proxy to attend and vote for you. A proxy does not have to be a shareholder of CO2 Group Limited. To ensure that all shareholders can exercise their right to vote on each proposed resolution, a CO2 Group Limited shareholder proxy form is enclosed with this notice of annual general meeting together with a reply paid envelope.

A shareholder that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes.

Proxy forms must be deposited at CO2 Group Limited's registry, Computershare Investor Services Pty Limited by using the enclosed reply paid envelope or by posting, delivery or facsimile to:

CO2 Group Limited share registry

Computershare Investor Services Pty Limited

Mail: GPO Box 242
Melbourne Victoria 3001
Australia

Delivery: Level 2, Reserve Bank Building,
45 St George's Terrace, Perth,
Western Australia, 6000

Facsimile: 1800 783 447 (within Australia)
+61 3 9473 2555 (outside Australia)

Enquires: 1300 798 306 (within Australia)
+61 3 9415 4830 (outside Australia)

to be received not less than 48 hours before the time of the meeting, that is, by 10.00 am (WST) on 18th November 2008.

The proxy form provides details of what you need to do to appoint a proxy to attend and vote for you.

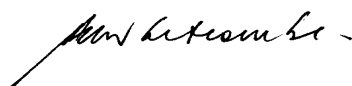
If you appoint the Chairman of the meeting as your proxy and you do not specifically direct how the Chairman is to vote as your proxy, the Chairman will exercise your votes in favour of the resolutions.

Voting procedure

As ordinary resolutions, resolutions 1, 2, 3, 4 and 5 will be approved if at least 50% of the votes cast by shareholders entitled to vote on the resolutions at the meeting are voted in favour of the resolutions.

Under the terms of the CO2 constitution, a poll is to be conducted as directed by the Chairman of the meeting.

By Order of the Board



Harley Whitcombe
Company Secretary
CO2 Group Limited

Dated: 15 October 2008

CO2 GROUP LIMITED
ABN 50 009 317 846

EXPLANATORY MEMORANDUM TO SHAREHOLDERS

INTRODUCTION

This Explanatory Memorandum has been prepared for the information of shareholders of the Company in connection with the business to be transacted at the annual general meeting of the Company to be held on 20th November 2008.

At that meeting, shareholders will be asked to pass resolutions to:

- re-elect Harley Ronald Whitcombe and Paul John Favretto;
- adopt the Remuneration Report for the year ended 30 June 2008; and
- approve the issue of options to each of Christopher David Mitchell and Malcolm Brian Hemmerling.

The purpose of this Explanatory Memorandum is to provide information that the Board believes to be material to shareholders in deciding whether or not to pass those resolutions. In relation to the special business of the meeting, the Explanatory Memorandum explains the resolutions and identifies the Board's reasons for putting them to shareholders. This Explanatory Memorandum should be read in conjunction with the accompanying notice of annual general meeting.

ORDINARY BUSINESS

CONSIDERATION OF FINANCIAL REPORTS

The Corporations Act requires that the Financial Report, Directors' Report and the Auditor's Report be laid before the Annual General Meeting. Whilst the Corporations Act does not require shareholders to approve these reports, shareholders will have the opportunity to raise questions in respect to these reports at the meeting.

As a shareholder, you are entitled to submit a written question to the auditor prior to the meeting provided that the question relates to:

- the content of the Auditor's Report; or
- the conduct of the audit in relation to the Financial Report.

All written questions must be received by the Company no later than five business days before Thursday 20 November 2008. All questions must be sent to the Company and may not be sent direct to the auditor. The Company will then forward all questions to the auditor.

The Company's auditor will be present at the meeting and Shareholders will have the opportunity to ask the auditor questions in relation to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in preparing its Financial Report, and the independence of the auditor.

RESOLUTION 1 - RE-ELECTION OF DIRECTOR

Harley Ronald Whitcombe B.Bus, CPA

Mr Whitcombe has had many years commercial and financial experience, providing company secretarial services to publicly listed companies. He is a member of the Australian Institute of Directors.

Mr Whitcombe retires pursuant to Rule 7.1(d) of the Company's constitution and being eligible, seeks re-election.

RESOLUTION 2 - RE-ELECTION OF DIRECTOR

Paul John Favretto LL.B.

Mr Favretto was previously Managing Director of Avatar Industries Limited. Before that, Mr Favretto worked for 20 years in the financial services industry holding senior management positions with Citibank Limited (1976 to 1985) and Bankers Trust Australia Limited (1986 to 1994).

Mr Favretto retires pursuant to Rule 7.1(c) of the Company's constitution and being eligible, seeks re-election.

REMUNERATION MATTERS

RESOLUTION 3 – ADOPTION OF THE REMUNERATION REPORT FOR THE YEAR ENDING 30 JUNE 2008

The Annual Report for the year ended 30 June 2008 contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for Directors and Specified Executives.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. The vote on the resolution is advisory only and is not binding on the Directors or the Company.

A reasonable opportunity will be allowed for the shareholders to ask questions about and make comments on the Remuneration Report.

SPECIAL BUSINESS

RESOLUTIONS 4 AND 5 - ISSUE OF OPTIONS TO CHRISTOPHER DAVID MITCHELL AND MALCOLM BRIAN HEMMERLING

The Company has agreed to issue:

- (a) 3,000,000 options to acquire fully paid ordinary shares in the Company (**Options**) to Chris David Mitchell, an executive director of the Company; and
- (b) 1,500,000 Options to Malcolm Brian Hemmerling, a non-executive director of the Company;

as part of their respective remuneration packages, subject to obtaining shareholder approval.

Resolution 5 seeks the approval of shareholders to the grant of 3,000,000 Options to Dr Mitchell and Resolution 6 seeks the approval of shareholders to the grant of 1,500,000 Options to Dr Hemmerling.

Recommendations

Your directors (other than Dr Mitchell and Dr Hemmerling) believe that the proposed issue of Options to Dr Mitchell and Dr Hemmerling as part of their remuneration packages is in the best interests of the Company and accordingly unanimously recommend shareholders approve resolutions 5 and 6 for the reasons set out below.

Dr Mitchell declines to make a recommendation in respect of Resolution 5 as he is the proposed recipient of the Options the subject of that resolution and so has an interest in the outcome of the resolution. For the same reasons, Dr Hemmerling declines to make a recommendation in respect of Resolution 6.

Reasons for the issue of Options

The proposed issue of 3,000,000 Options to Dr Mitchell, who became an executive director of the Company on 18 August 2008, is designed to better align the interests of Dr Mitchell with other shareholders by entitling him to benefit from the success of the Company in the future. Under the Company's current circumstances, the incentive provided to Dr Mitchell by the issue of these Options is considered to be a cost effective and efficient reward and incentive mechanism for the Company.

The proposed issue of 1,500,000 options to Dr Hemmerling, a non-executive director of the Company, is in lieu of higher cash remuneration for the provision of his services to the Company as a non-executive director. The Board considers that the issue of Options to Dr Hemmerling in lieu of a higher cash director's fee is consistent with its objectives of preserving its cash flows whilst the Company's business remains in the development phase.

The Board has assessed the proposed remuneration packages payable to Dr Mitchell (as an executive director) and Dr Hemmerling (as a non-executive director) with those paid to executive and non-executive directors with comparable expertise, experience and duties in companies of comparable size and stage of development as the Company. Based on this assessment, it is the Board's view that the remuneration package for each of Dr Mitchell and Dr Hemmerling, including the number of Options to be issued to each of Dr Mitchell and Dr Hemmerling, is appropriate and within acceptable remuneration levels.

The Options will be issued with an exercise price which represents a significant premium to the closing price of the Company's shares on 14 October 2008, the last practicable date before finalising this Explanatory Memorandum, being \$0.32 per share. The highest and lowest price which the Company's shares traded on ASX over the past 12 months ending on 14 October 2008 was \$1.00 and \$0.23 respectively.

To benefit from the Options, the Company's share price must exceed the exercise price before the Options expire. The Options are not transferable without Board approval and so it is unlikely any value can be obtained by the holder of the Options without exercising the Options.

Requirement for shareholder approval

Listing Rule 10.11 of the Official Listing Rules of ASX Limited (**Listing Rules**) provides that a listed company must obtain shareholder approval to the issue of equity securities to a "related party". Directors are considered to be related parties for the purposes of the Listing Rules. Therefore, the proposed issue of Options to each of Dr Mitchell and Dr Hemmerling requires shareholder approval under Listing Rule 10.11.

Chapter 2E of the Corporations Act also requires shareholder approval where a public company seeks to give a "financial benefit" to a "related party". Directors are considered to be related parties within the meaning of the Corporations Act. The Options to be issued to each of Dr Mitchell and Dr Hemmerling will constitute a financial benefit for the purposes of Chapter 2E of the Corporations Act. Accordingly, the Company seeks shareholder approval for the issue of the Options to each of Dr Mitchell and Dr Hemmerling under Chapter 2E of the Corporations Act.

Remuneration package

The remuneration package of Dr Mitchell for the financial year ending 30 June 2009 includes:

- (i) an annual salary of A\$215,000;
- (ii) the issue of 3,000,000 Options, being the subject of resolution 4;
- (iii) statutory superannuation;
- (iv) reimbursement of business related expenses.

The remuneration package of Dr Hemmerling for the financial year ending 30 June 2009 includes:

- (v) an annual directors fees of A\$38,150;
- (vi) the issue of 1,500,000 Options, being the subject of resolution 5;
- (vii) statutory superannuation;
- (viii) reimbursement of business related expenses.

Dr Hemmerling is the Chairman of the audit committee and a member of the remuneration committee of the Company. No additional fees are payable for the performance of these roles.

Key Terms of the Options

The material terms of the Options are:

- (a) The exercise price per Option is A\$0.52 per share.
- (b) The Options are issued for no consideration.
- (c) The Options will not be listed and will not be transferable without the consent of the Company's Board.
- (d) Each Option may be exercised at any time within 4 years from the date of issue and if not exercised within this period, the Option will lapse.
- (e) The Options will be issued no later one month after the date of the 2008 Annual General Meeting.

The full terms of the Options are attached as Annexure A.

Valuation of Options

Under the Corporations Act, the Company is required to attribute a value to the Options for the purposes of the approval sought from shareholders. The Options are not listed and so there is no readily ascertainable market value of the Options. The Australian Investments and Securities Commission have indicated that option values should be determined in accordance with accounting standard AASB 2 (Share Based Payments). The value of options can vary significantly depending on the methodology used and the assumptions made and any one particular valuation methodology is not necessarily representative to the actual value of the Options.

In accordance with the requirements of accounting standard AASB 2, PKF Corporate Advisory Services (WA) Pty Ltd (**PKF**), on behalf of the directors has calculated an indicative value of the Options using a Trinomial Option Pricing Model incorporating early exercise parameters that are relevant for directors / employee options to value the options on the basis of the following assumptions regarding the various inputs that comprise the valuation model:

- The indicative valuation has assumed that the grant date of the Options was 7 October 2008;
- The Company's share price is A\$0.34, being the closing share price for the Company's Shares on the ASX on 7 October 2008, the date that the valuation was conducted;
- The continuously compounded risk-free interest rate of 4.64%, based on the 5 year Treasury bond yield as at 7 October 2008 of 4.75%;
- An estimated future volatility of the Company's share price of 75%, based on historical standard deviation of the Company obtained from the Australian Graduate School of Management;
- An exercise price for each Option of A\$0.52 and an expiry date of 4 years after the assumed grant date (see above);
- No dividend is paid during the life of the Options;
- The possibility of the directors leaving the company and thus exercising the options (given that such options cannot generally be transferred) at an estimated exit rate of 15%;
- The likely exercise multiple of directors, as supported by an empirical study, of 2.5 times;
- The dilutive effect on the Company's share price if all of the options proposed to be granted are exercised, of a factor of 0.9840 (based on the number of fully paid shares on issue in the capital of the Company being 276,133,122).

Based on these assumptions, the calculated value of an Option as at 7 October 2008 is approximately \$0.1174. On this basis, the value of the 3,000,000 Options proposed to be issued to Dr Mitchell is \$352,200 and the value of the 1,500,000 Options proposed to be issued to Dr Hemmerling is \$176,100. However, as the Options are only transferable with the consent of the Company's Board, any value inherent in the Options may be difficult to access without exercising the Options. Upon exercise, the holder must contribute their own money to the Company to fund the exercise price of these options. The amount payable (based on an assumed exercise price of \$0.52) if all Options are exercised is \$2,340,000.

It is important to note that the above values are considered to represent the theoretical value for the Options only, and that any change in the variables applied in the Trinomial Option Pricing Model between the date of the valuation and the date the Options are granted would have an impact on their value.

Other implications for the Company

(a) Financial implications

Australian International Financial Reporting Standards require the Options to be expensed, which is guided by AASB 2 – Share Based Payment. The period over which the Options have to be expensed depends on the vesting date. As the Options vest immediately, they are expected to be expensed in the financial year ended 30 June 2009.

Expensing the Options will have the effect of increasing both the expenses and contributed equity of the Company. Whilst there will be a reduction in profit, there will be no impact on the net assets or the cash position or financial resources of the Company as a result of expensing the Options.

There are no tax implications for the Company by issuing these Options.

(b) Dilution

The issue of Options to either or both of Dr Mitchell and Dr Hemmerling will have a diluting effect on the percentage interest of existing shareholders holdings if the Options are exercised. The dilutionary effect if all the Options issued to Dr Mitchell and Dr Hemmerling are exercised would amount to approximately 1.60% of the Company's current issued capital (after the exercise of the Options but assuming no other options or other securities are converted into shares – that is, the undiluted issued capital), or 0.94% of the fully diluted share capital of the Company.

The dilution if the Options issued to Dr Mitchell are exercised would amount to approximately 1.07% of the undiluted share capital (assuming the Options issued to Dr Hemmerling are not exercised), or 0.63% of the fully diluted share capital.

The dilution if the Options issued to Dr Hemmerling are exercised would amount to approximately 0.54% of the undiluted share capital (assuming the Options issued to Dr Mitchell are not exercised), or 0.31% of the fully diluted share capital.

If the Options are exercised by Dr Mitchell and/or Dr Hemmerling, the value of the Company's shares may be diluted. If the share price is higher than the exercise price the value will be diluted as Dr Mitchell and/or Dr Hemmerling will be paying a lower price for the shares when they exercise the Options. However, the Options are unlikely to be exercised if the Company's share price is lower than the exercise price.

Additional statutory disclosures

In accordance with the requirements of Chapter 2E of the Corporations Act, and in particular, section 219 of the Corporations Act, the following information is provided to shareholders to enable them to assess the proposed issue of Options to each of Dr Mitchell and Dr Hemmerling:

- (a) Dr Mitchell is a related party of the Company whom the proposed resolution 4 would permit financial benefits to be given, and Dr Hemmerling is a related party of the Company whom the proposed resolution 5 would permit financial benefits to be given;
- (b) The nature of the financial benefits given to each of Dr Mitchell and Dr Hemmerling is the issue of Options (3,000,000 Options in the case of Dr Mitchell and 1,500,000 in the case of Dr Hemmerling) for no consideration;
- (c) As at 7 October 2008 being the last practicable date before finalising this Explanatory Memorandum, Dr Mitchell's interest in the Company comprises of 1,000,000 options (exercisable at \$0.32 per share and expiring on 16 November 2009), and Dr Hemmerling's interest in the company comprises of 60,000 ordinary shares and 1,500,000 options (exercisable at \$0.32 per share and expiring on 16 November 2009).
- (d) No funds will be raised from the issue of the Options. Any funds raised from exercise of the Options will be used for general working capital purposes.
- (e) The Directors are not aware of any information other than that set out in this Explanatory Memorandum that is reasonably required by shareholders in order to decide whether or not it is in the Company's interests to approve resolutions 4 and 5.

Annexure A – Unlisted Option Terms

The Options will be issued on the terms and conditions set out below:

- 1 The Options will be issued for nil consideration.
- 2 Each Option entitles the holder to subscribe for and be allotted one fully paid ordinary share in the capital of the Company (**Share**) on exercise of the Option.
- 3 The exercise price (**Exercise Price**) of an Option is A\$0.52 per Share.
- 4 The Options are exercisable at any time prior to 5.00pm WST on the date which is 4 years after the date of issue (the **Expiry Date**) by notice in writing to the directors accompanied by payment of the exercise price and the Certificate for the Option. Options may only be exercised in multiples of 1000.
- 5 If the holder of the Options is an employee of the Company at the time of grant and subsequently ceases to be an employee of the Company or any of the Company's related bodies corporate (as that term is defined in the Corporations Act 2001 (Cth)) other than due to fraud, wilful misconduct, dishonesty or like conduct, then unless the Board otherwise determines:
 - (i) if the exercise period for the relevant series of Options has commenced, then in respect of any of those series of Options that have not yet been exercised, those Options will automatically cease on the day that is one month after the date of cessation of employment;
 - (ii) if the exercise period for the relevant series of Options has not commenced, then those series of Options will automatically cease on the day that is one month after the date of cessation of employment.
- 6 The Options will not be quoted on the ASX.
- 7 The Options are not transferable without Board approval.
- 8 Shares allotted and issued pursuant to the exercise of an Option will be allotted and issued not more than 10 business days after receipt of a properly executed notice of exercise of the Option and payment of the requisite application moneys.
- 9 All shares issued upon exercise of the Options will rank pari passu in all respects with ordinary shares then on issue. If the shares are quoted, the Company will apply for official quotation of all shares issued upon exercise of the Options within three business days after the date of allotment of those shares.
- 10 The Options will not entitle the holder to any dividends (or shares or rights in lieu of dividends) declared or issued by the Company.
- 11 The Option does not give the holder the right to participate in a new issue of securities or rights to be issued securities without exercising the Option.
- 12 In the event of a pro rata issue (other than a bonus issue) prior to the Expiry Date, the Exercise Price will be adjusted in accordance with Listing Rule 6.22.
- 13 If, before the expiry of any Options, the Company makes an issue of shares to the holders of shares by way of capitalisation of profits or reserves (a **bonus issue**) other than in lieu of a dividend payment, then upon exercise of an Option, the holder will be entitled to have issued to him (in addition to the shares which he is otherwise entitled to have issued to him upon such exercise) additional shares in the Company. The number of additional shares is the number of shares which would have been issued to him under that bonus issue (**bonus shares**) if on the date on which entitlements were calculated he had been registered as the holder of the number of shares which he would have been registered as holder if immediately before that date he had exercised his Options. The bonus shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares allotted upon exercise of an Option.
- 14 In the event of any reorganisation of the issued capital of the Company on or prior to the Expiry Date, the rights of a holder of Options will be changed to the extent necessary to comply with the applicable Listing Rules at the time of the reorganisation. Unless the Listing Rules require a change to the exercise price of the option, or a change to the number of underlying securities over which the option can be exercised, the holder of Options has no right to a change in the exercise price of the Options or a change to the number of underlying securities over which the Options can be exercised.

- 15 The Company will, at least 20 business days before the Expiry Date, send notices to the holder stating the name of the holder, the number of Options held and the number of securities to be issued on exercise of the Options, the exercise price, the due date for payment and the consequences of non-payment.
- 16 A certificate will be issued for the Options. If after exercise of some of the Options, there are Options on a certificate which remain unexercised, the Company will issue another certificate for the balance of the Options held and not yet exercised.

CO2 Group Limited

ABN 50 009 317 846

000001 000 COZ
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For all enquiries call:

(within Australia) 1300 798 306
(outside Australia) +61 3 9415 4830

Proxy Form

For your vote to be effective it must be received by 10.00am (WST) Tuesday 18 November 2008

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.computershare.com.

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View the annual report:

www.co2australia.com.au/Investors/GroupedPDFList.aspx

☒ Access the annual report

Update your securityholding 24 hours a day, 7 days a week:
www.investorcentre.com

☒ Review your securityholding

☒ Update your securityholding

Your secure access information is: SRN/HIN: I999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Co2 Group Limited hereby appoint

☐ the Chairman of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

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 to act generally at the meeting 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) at the Annual General Meeting of Co2 Group Limited to be held at Level 11, 225 St George's Terrace, Perth, Western Australia on Thursday, 20 November 2008 at 10.00am (WST) and at any adjournment of that meeting.

Important for Items 5 and 6: If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Items 5 and 6 below, please mark the box in this section. 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 Items 5 and 6 and your votes will not be counted in computing the required majority if a poll is called on these Items. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 5 and 6 of business.

☐ I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of these Items and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business



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

		For	Against	Abstain
Item 2	Re-election of Director - Harley Ronald Whitcombe	☐	☐	☐
Item 3	Re-election of Director - Paul John Favretto	☐	☐	☐
Item 4	Remuneration Report	☐	☐	☐
Item 5	Issue of Options - Christopher David Mitchell	☐	☐	☐
Item 6	Issue of Options - Malcolm Brian Hemmerling	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /