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Dear Sir

Passing of Clean Energy legislation delivers new growth opportunities for CO2 Group

Clean Energy legislation to create new market opportunities for CO2 Group:

- 500 new potential customers that have a direct liability under the carbon price;
- International funds can now invest in Australia and repatriate credits created to offshore markets;
- Big fuel consumers can invest in carbon sinks to avoid reduction in fuel excise rebates

CO2 Group welcomes the passing of the Clean Energy legislation through the Senate, with the Bills creating legislative certainty for the industry, and providing new market opportunities for the business. The Clean Energy legislation is the second tranche of law-making – complementary to the Carbon Farming Initiative (CFI) which became law on 15 September 2011 – that sets up the national regulatory environment for CO2 Group's domestic business. Whilst the CFI is the basis for the creation of carbon credits, the Clean Energy legislation passed by the Senate today, allows only compliant credits (ACCUs) to be used by companies liable to pay the carbon tax to acquit their carbon liability.

CO2 Group's CEO Andrew Grant said "The Clean Energy legislation is a milestone occasion for the carbon offset industry, with CO2 Group well positioned to take full advantage of the opportunities that the legislation provides. The Clean Energy legislation essentially means that the country's biggest greenhouse gas emitters will need to consider how they reduce their carbon liability, with CO2 Group a market leader in assisting such companies lower their cost of carbon."

"Not only does the legislation open up the Company to more than 500 new potential customers looking to acquit their tax liability, but it also allows the business to expand into offshore markets through the repatriation of carbon credits. This is a truly exciting time for CO2 Group, with this legislation providing a framework that delivers us the prospect of rapid growth."

CO2 Group believes that the 5% limit to use Kyoto compliant ACCUs by companies liable to pay for the carbon tax during the fixed price period will not constrain demand, as supply of ACCU's is also likely to be severely limited during this time. CO2 Group through its subsidiary CO2 Australia has an unsurpassed record in delivering fixed price carbon abatement projects at scale. Existing customers include Woodside

Petroleum, Newmont Mining, Inpex, Eraring Energy, Origin Energy, ACTEW, Kansai Electric Power, Macquarie Bank and Wannon Water.

CO2 Group is the largest provider of dedicated forest carbon sink plantings in Australia with more than 22,000 hectares under management. The company has been operating since 2004.

Yours faithfully
CO2 Group Limited

Harley Whitcombe
Company Secretary

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