



Our Ref: CO2 ASX Announce Media Release – Tas Govt Forest Study (329)

22 November 2011

ANNOUNCEMENT 329

Company Announcements Office
Australian Stock Exchange
Level 6
20 Bridge Street
SYDNEY NSW 2000

By ASX Online
Number of pages: 5
(including this page)

Dear Sir

CO2 Group secures Forest Carbon Study contract with Tasmanian Government

CO2 Australia Limited (a subsidiary of CO2 Group Limited, ASX:COZ), has been appointed by the Tasmanian Government, to undertake a Forest Carbon Study aimed at estimating the volume of carbon currently stored in Tasmania's forest estates.

The study is seen as a critical project for Tasmania, particularly given the recent passage of the Commonwealth Government's national carbon pricing legislation. It is also evidence of CO2 Group's continued diversification of revenue streams, the strength of its advisory services team and the significant carbon project expertise that it has developed.

The Company's CEO, Andrew Grant, said "As part of our corporate strategy, we continue to broaden the range of services our company offers. We are very pleased to have the opportunity to be involved in this project, which leverages off our strengths in the carbon advisory area. We have some unique experience in forest carbon accounting and assessing the commercial potential for forest carbon projects, all of which align very well with the objectives of this study."

CO2 Group is well placed to deliver the project, with over seven years' experience operating within domestic and international carbon markets. CO2 Group is the country's largest developer of reforestation-based carbon projects, having developed over 22,000 hectares of dedicated carbon plantings in Australia.

Carbon markets, including the recently passed carbon pricing legislation, may offer significant economic opportunities for Tasmania.

The government's Forest Carbon Study will provide an independent, expert assessment of the volume of carbon currently stored in Tasmania's forest estate, and our most significant opportunities to reduce greenhouse gas emissions and increase carbon sequestration in our forest sector.

Importantly, the study will also look at opportunities for Tasmania to monetise emission reductions in the forest sector.

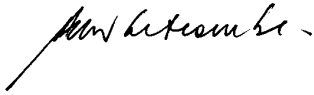
CO2 Group Limited

Level 11, 225 St Georges Terrace Perth WA 6000
PO Box 7312 Cloisters Square Perth WA 6850

Tel. 08 9321 4111 ABN 50 009 317 846
Fax. 08 9321 4411 www.co2australia.com.au

The government's media statement is attached.

Yours faithfully
CO2 Group Limited

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

For more information contact:

Elise Margaritis: Marketing and Communications Manager, CO2 Australia
03 9928 5111 or 0408 359 977 or elise.margaritis@co2australia.com.au
www.co2australia.com.au

Or

Sam Wallman, Six Degrees – 0405 399 430 or sam.wallman@sixdegreesmedia.com.au

Government Media Statement

22 November, 2011

CASSY O'CONNOR MP
Minister for Climate Change

Researcher selected for groundbreaking forests study

The Minister for Climate Change, Cassy O'Connor today announced that CO2 Australia Limited as the successful consultant who will carry out groundbreaking research into the carbon stored in Tasmania's forests.

Ms O'Connor said CO2 Australia is a widely-respected reforestation-based carbon project developer with a diverse client base that includes Woodside Energy, Origin Energy, the Victorian and Western Australian Governments, Newmont Mining and Qantas.

"Forests play a critical role in the carbon cycle and, with soil, are one of the two major stores of terrestrial carbon," she said.

"The UN Intergovernmental Panel on Climate Change (IPCC) makes it clear that better forest management and protection is key to avoiding dangerous climate change.

"There are, however, significant gaps in our understanding, as well as scientific dispute over the emissions and carbon sequestration value of Australia's forest estate, and this is particularly relevant to Tasmania.

"Funded through a Greens' initiative supported by Labor in the 2010-11 State Budget, this independent study is a critical project for the State, particularly given the recent passage of the Commonwealth

Government's national carbon price scheme and the financial opportunities associated with new carbon markets.

"Carbon markets, including the recently passed Clean Energy Future package and Carbon Farming Initiative (CFI), can offer major economic opportunities for Tasmania.

"This Government recognises that Australia's current emission accounting rules, dictated by international agreements, are inadequate, in that they do not account for sequestration across forest types, forest management practices or for avoided deforestation.

"There is vigorous scientific debate and a number of points of difference on this important issue, which is why the work to be undertaken by CO2 Australia in Tasmania is both timely and necessary.

"The research to be undertaken by CO2 Australia is an Australian first that will give us a detailed and up-to-date understanding of the amount of carbon stored in both private and public forests.

"It will provide an independent assessment of the volume of carbon currently stored in our forest estate, and identify our most significant opportunities to reduce greenhouse gas emissions and increase carbon sequestration in the Tasmanian landscape.

"Importantly, the Forest Carbon Study will also look at future opportunities for forest management in Tasmania while better enabling the state to monetize the value stored in our forest carbon bank."

CO2 Australia's CEO, Andrew Grant, said the company was pleased to be involved in the project.

"CO2 Australia has unique experience in forest carbon accounting and assessing the realistic commercial potential for forest carbon projects, all of which align very well with the objectives of this study," he said.

The consultants will be supported in their work by an independent Steering Committee of three respected scientists – Professor Jim Reid

from the University of Tasmania's School of Plant Science; Professor Brendan Mackey from ANU, who is also a member of the Federal Government's Independent Climate Commission; and Professor Cris Brack, the inaugural Chair of Forestry at the Waiariki Institute of Technology in Rotorua, New Zealand.

Ms O'Connor said \$250,000 was allocated for the study in the 2011–12 State Budget.

She will next week join the Deputy Premier, Bryan Green, and a representative from CO2 Australia at a Forest Carbon Forum at Parliament House in Hobart.

The forum will be held on November 30, and will look at the carbon potential in Tasmania's native forests, as well as international, national and local policy issues and initiatives around carbon values and forest carbon protection.

Contact:
Peter Wels: 6233 2757