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Dear Sir

CO2 Group wins Biodiversity Fund grants totalling \$3.8 million

CO2 Group is pleased to announce it has been successful in gaining funding for two projects of the Federal Government's Biodiversity Fund. The grants, worth \$3.8 million, will support two projects in Western Australia and New South Wales.

CO2 Group's Chief Executive Officer, Andrew Grant said: "We are delighted to receive these grants, which we see as recognition of the quality of our work in the Australian market and our deep environmental expertise.

"Our projects will research, map, design and implement targeted biodiversity enhancements across Australia's largest commercial forest carbon sink estate. We manage a 26,400 ha estate across 30 properties in Australia's highly fragmented wheat-sheep belt, including sites within the south-west Western Australia biodiversity hotspot.

"The two projects will integrate biodiversity outcomes with large-scale commercial carbon plantings, creating a unique partnership between a for-profit commercial entity and the government. A partnership of this nature and scale has not been attempted outside the not-for-profit sector," said Mr Grant.

In Western Australia, the CO2 Group project will take tangible steps toward the establishment of vital corridors between both Lake Magenta Nature Reserve and Fitzgerald National Park and Corackerup National Park and Fitzgerald National Park. These corridor links will contribute to the capacity of the reserves to continue to function and facilitate biodiversity conservation in face of uncertain climatic challenges ahead.

CO2 Group's project in WA will contribute to the Fitz-Stirling Functional Landscape Plan, the Carnaby's black cockatoo Recovery Plan and also assist with the conservation of a range of other nationally and regionally significant conservation targets such as western whiplbird, mallee fowl, tammar wallaby, western mouse, and black gloved wallaby.

CO2 Group Limited

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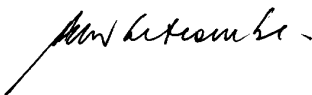
In New South Wales, CO2 Group's project adjoins conservation reserves in central NSW. The selected sites will contribute to consolidation of the regional conservation estate as well as enhancing connectivity between some reserves. The reserves that will benefit include Goonoo National Park, Goonoo State Conservation Area, Pillaga State Conservation Area and Pillaga West State Conservation Area. Conservation target species include the black glossy cockatoo, mallee fowl and sugar glider. Specific flora of conservation significance may contribute to the revegetation and restoration actions.

Another CO2 Group project site in NSW offers an opportunity to commence consolidation of a chain of remnant vegetation stands along a 100km section in the Upper Central West and Plains of NSW.

All of the projects supported by the Biodiversity Fund will help to revegetate, rehabilitate and restore more than 18 million hectares of the Australian landscape over the next six years.

CO2 Group has a history of being a leader in its field and was the first organisation to achieve accreditation for reforestation projects under the NSW Greenhouse Gas Abatement Scheme and the Federal Government's Carbon Farming Initiative. With 26,400 hectares under management across the country, plus 3500 hectares of native remnant vegetation, CO2 Group is the largest provider of dedicated carbon sink plantings in Australia. The company currently manages landmark commercial contracts for Qantas Airways, Eraring Energy, Macquarie Bank, Woodside Energy, INPEX Browse, Origin Energy, Newmont Mining and Wannon Water.

Yours faithfully
CO2 Group Limited



Harley Whitcombe
Company Secretary

About CO2 Group

With more than 22,000 hectares under management across the country, plus 3,500 hectares of protected remnant native vegetation, CO2 Group is the largest provider of dedicated carbon sink plantings in Australasia. The company currently manages landmark commercial contracts for Qantas Airways, Eraring Energy, Macquarie Bank, Woodside Energy, INPEX Browse, Origin Energy, Newmont Mining and Wannon Water.

Corporate Authorisation Details

CO2 Group Limited is a corporate authorised representative ("CAR") (Number 420079) of Valuestream Investment Management Limited (ACN 094 107 034 AFSL 246621). The Group's licence numbers are: CO2 Group Limited (CAR # 420079); Carbon Banc Limited (CAR # 420080); CO2 Australia Limited (CAR # 420081)

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