Our Ref: CO2 ASX Announce Media Release Preliminary Full Year Report 29-10-12 (369)

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ANNOUNCEMENT 369

Market Announcements Office
Australian Securities Exchange
Level 6
20 Bridge Street
SYDNEY NSW 2000

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Dear Sir

Media Release - CO2 Group delivers a record $7 million full year profit: well-positioned for future growth

CO2 Group Limited (**COZ**), Australia's leading carbon solutions company, today announced a record profit for the financial year ended 30 September 2012.

CO2 Group reported earnings before interest and tax (EBIT) of $7.05 million – up from $2.2 million in 2011 – and net profit of $4.9 million, up from $1.5 million in 2011.

Established in 2004, CO2 Group is a provider of carbon advice, credit origination, carbon trading and voluntary credits, and is Australia's largest developer of reforestation-based carbon projects. It specialises in providing the corporate sector with carbon solutions for commercial results.

CO2 Group's CEO, Andrew Grant, said the company had profited from a well conceived strategy, including extending its products and services portfolio, and its international expansion. He said CO2 Group had continued to reinvest revenues in the best employees and Research and Development. Mr Grant cited several factors in the record profit for 2012:

- Introduction of a Carbon Pricing, which created a need for products and advisory services,
- Creation of CO2 Asia and further expansion of CO2 New Zealand,
- A $3.8m research grant from the federal government's Biodiversity Fund,
- A commission by the Tasmanian government to quantify carbon stored in forests,
- Growth in its carbon trading entity, Carbon Banc, which generated revenues of $38 million,
- An expansion of the carbon forests estate to 26,400 hectares for corporate clients,
- Transitioning major clients' projects into the Carbon Farming Initiative,
- Successful acquisition of Western Australian Resources Limited, providing new opportunities for the CO2 Group with a diversified portfolio of businesses.

Mr Grant said CO2 Group had reinforced its position as Australia's largest provider of carbon sink projects and had become a preferred carbon adviser to corporate Australia because of the company's

CO2 Group Limited

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expertise in identifying commercial benefits within carbon compliance activities.

“CO2 Group has successfully diversified its operations into environmental markets trading, carbon project design and management and carbon advisory services across 3 major markets: the Australian, New Zealand and European Carbon Trading Schemes,” said Mr Grant.

“These diversified business operations provide us with multiple revenue streams and growth platforms, positioning the business as a broader-based environmental services business.”

Mr Grant said he expected more opportunities to arise once the market viewed the current carbon legislation as long-term. “We anticipate that the 2012 /2013 year will be a challenging year for CO2 Group,” Mr Grant added.

Please direct any queries on this announcement to the contacts at the end of the announcement.

Yours faithfully

Harley Whitcombe
Company Secretary

- ENDS -

Issued by: Andrew Grant: CEO, CO2 Group Limited

MEDIA CONTACTS

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