



Our Ref: CO2 ASX Announce CFI Methodology Endorsement (371)

20 November 2012

ANNOUNCEMENT 371

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

By ASX Online
Number of pages: 2
(including this page)

Dear Sir,

CO2 Australia is the first company to have CFI methodology endorsement

CO2 Australia, a division of CO2 Group, today announced that its Carbon Farming Initiative (CFI) Methodology, Reforestation and Afforestation, has been endorsed by the Domestic Offsets Integrity Committee (DOIC).

This is the first time that a Methodology developed by a proponent other than the Department of Climate Change & Energy Efficiency has successfully navigated the CFI's rigorous scientific review processes.

This significant achievement, which comes after 18 months of intensive expert review, now paves the way for CO2 Group and their large client base to fully participate in the Carbon Farming Initiative and start to generate significant volumes of Australian Carbon Credit Units (ACCUs) from their large carbon forest holdings. ACCU's can be used to manage emissions liabilities under the Australian Carbon Pricing Mechanism (ACPM) and the endorsement is retrospective, meaning that all carbon sequestered from 1 July 2010 can be claimed.

According to Andrew Grant, Chief Executive Officer of CO2 Group, this endorsement further cements our company's position as the leading developer of carbon projects within the Australasian region.

"This endorsement represents a very clear validation of the strength of our carbon accounting systems, the depth of our technical team and our ability to deliver fungible carbon credits from the range of carbon investments we develop and manage.

As well as being the first privately developed methodology to be endorsed, CO2 Australia's Methodology is the first to reference in-field carbon accounting approaches, meaning that it is highly flexible and can be directly applied across a wide range of forests and forest management situations throughout Australia.

This further consolidates CO2 Groups diversification strategy, which has seen it expand into the carbon advisory services sector, both domestically and internationally, with several major carbon accounting projects having been delivered in the last 12 months, including carbon stock modeling across all of Tasmania's 3 million hectares of forest on behalf of the Tasmanian government.

"The rigor of the CFI review process means that only those organisations with a unique blend of technical expertise, operating experience and commercial know-how are able to effectively deliver methodologies that are both technically sound and commercially feasible. In order to ensure the integrity of Australia's carbon markets, the DOIC requires that all proposed methodologies meet rigorous scientific standards.

CO2 Australia is the first organisation that has demonstrated that we have the where-withal to meet these standards," added Mr Grant.

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

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).

"This is not only a major achievement for CO2 Australia but also a great achievement for the CFI because it demonstrates both the rigor of the Methodology review system, and that it is possible for credentialed private sector players to successfully enter the CFI at a commercially significant scale. With this major building block now in place, we can expect to see the volume of forest carbon projects registered under the CFI and the amount of realised forest derived ACCUs increasing considerably over the next 6 to 12 months" Mr Grant said.

The Domestic Offsets Integrity Committee is an independent committee of experts that has been established to review methodologies proposed under the Carbon Farming Initiative and ensure that only rigorous, scientifically robust and best practice carbon accounting methodologies are approved under the CFI. Four methodologies have been previously endorsed, all of which were developed by the Department of Climate Change and Energy Efficiency.

Parliamentary Secretary for Climate Change and Energy Efficiency, Mark Dreyfus welcomed the Domestic Offsets Integrity Committee's endorsement of CO2 Group's methodology. Once finalised as a legal instrument, this methodology will be a benefit not only to CO2 and its business partners, but to a wide range of land holders as well as the environment. "The CO2 Group and all who played a part in developing this methodology deserve to be congratulated on their success.

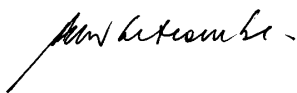
"It is the first methodology developed by a private proponent to be endorsed by the committee, following the approval earlier this year of four Government-developed CFI methodologies for landfill gas capture, methane gas capture from piggeries, environmental plantings and savannah burning.

"The addition of CO2 Group's methodology will open the way for new reforestation and afforestation projects which will play a significant role in reducing the level of greenhouse gases in the atmosphere, and from which land holders may be able to generate carbon credits."

CO2 Group encourages anyone who is interested in developing projects, or methodologies, under the CFI to approach them to discuss how the company can partner with them.

CO2 Australia is the country's largest developer of reforestation-based carbon projects, having developed more than 26,400 hectares (or 39 million trees) of dedicated carbon plantings in Australia.

Yours sincerely,
CO2 Group Limited



Harley Whitcombe
Company Secretary

For more information contact:

Reshma Pollard: Marketing and Communications Manager, CO2 Australia
03 9928 5111 or 0421 753 553 or reshma.pollard@co2australia.com.au
www.co2australia.com.au

Or

Judith Bence: Wilkinson Group
0415 903 849 or judith.bence@wilkinson-group.com.au