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ANNOUNCEMENT 254

Company Announcements Office
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Dear Sir

CPRS Changes a Boost for Green-thinking Businesses, the Environment and Australia's climate credentials:

Australia's largest provider of dedicated carbon sink plantings, CO2 Australia Limited (a wholly owned subsidiary of publicly listed CO2 Group Limited), supports the Federal Government's announcement this week to extend the starting date for its Carbon Pollution Reduction Scheme (CPRS).

CO2 Chief Executive Officer, Mr Andrew Grant described the 12-month extension as "sensible", given the current economic climate, but also sensible for "Australia's climate credentials globally".

"What is coming through loud and clear from our client base is that large emitters of greenhouse gas need certainty around the timing and design of the CPRS for critical business decisions."

According to Mr Grant, the announcement effectively provides organisations that will have a liability under the CPRS with some 'breathing space' to better prepare for its introduction with the knowledge that the scheme has legislative certainty.

Under the government's modified proposal, it is understood that reforestation projects will still be able to commence generating CPRS permits from eligible forests from July 1, 2010. According to Mr Grant, "this means that the delayed introduction will have little impact on reforestation projects. In fact, investors in reforestation projects will be advantaged because they will effectively have an additional 12 month period prior to scheme commencement during which they can be banking permits generated from the forest."

CO2 also commended the increase in the emission reduction target up to a limit of 25 per cent on 2000 levels by 2020.

"The government has a difficult task in treading the line between environmental leadership and short term economic priorities. We believe this announcement helps secure the transition toward a low-carbon future."

Mr Grant urged federal politicians to come together on the carbon reduction issue and called on all parties to progress the proposed legislation.

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“The debate and discussion around the design of an emission trading scheme has now dragged on for over a decade,” he says.

“We are in real danger of paralysis from over-analysis, which is a situation none of us can afford given the dangers posed by climate change and our nation’s continuing upward emissions trajectory.”

CO2 Australia has been actively involved in the government’s detailed consultation process around the CPRS design.

“We are entirely comfortable that the Department of Climate Change has put a lot of expert thinking into design of the CPRS and has listened carefully to stakeholder views.

“It’s time for us all now to get the scheme in place and get on with the serious business of tackling climate change.”

Yours faithfully
CO2 Group Limited

A handwritten signature in black ink, appearing to read 'Harley Whitcombe'.

Harley Whitcombe
Company Secretary