



CO2 Group Limited

ABN 50 009 317 846
Level 11 225 St Georges Terrace
Perth Western Australia 6000
PO Box 7312 Cloisters Square
Perth Western Australia 6850
Phone (08) 9321 4111
Facsimile: (08) 9321 4411
www.co2australia.com.au

Our Ref: CO2 ASX Announce Media Release – CPRS (249)

16 December 2008

ANNOUNCEMENT 249

Company Announcements Office
Australian Stock Exchange
10th Floor
20 Bond Street
SYDNEY NSW 2000

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

Dear Sir

CO2 Group congratulates the Government for the introduction of the Carbon Pollution Reduction Scheme

CO2 Group Limited (CO2 Group) welcomes the Commonwealth Government's White Paper on the introduction of the Carbon Pollution Reduction Scheme (CPRS) which will introduce a greenhouse gas emissions trading scheme to Australia.

The Government has confirmed the importance of forest sinks in achieving greenhouse gas abatement by including forest carbon sinks as an option under the CPRS by allowing forest managers to opt into the scheme.

"CO2 Group's plantings will be eligible for inclusion within the CPRS which is critical for our business and clients," said Mr Andrew Grant, CEO CO2 Group.

Importantly, the CPRS will recognise only Kyoto compliant forests. The baseline for measurement of forest growth will be 2008. The CPRS will recognise plantings established for the NSW Greenhouse Gas Abatement Scheme and will allocate credits for growth of the forest from 2008 onwards, making all of CO2 Groups plantings to date eligible under the Scheme.

"Our business model has been centred on developing accredited plantings that are Kyoto compliant. The introduction of the CPRS will bring significant commercial opportunity and we look forward to building market share. The requirement for forest carbon sinks to be accredited ensures compliance with the Kyoto regime."

The target of a minimum 5% reduction in Australia's greenhouse gas emissions by 2020 based on 2000 levels represents a 27% reduction on forecast business-as-usual emissions per capita.

The price of a carbon credit will be capped at \$40 from 2010 and will rise at 5% each year thereafter.



Facilities that emit more than 25,000 tonnes of carbon dioxide equivalent gas per year will become liable under the Scheme. As a result an estimated 1000 companies will now be mandated to reduce their emission profiles.

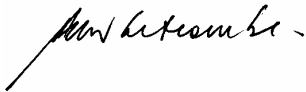
“As the only business that has successfully delivered carbon plantings at scale, the size and scope of the businesses impacted by the CPRS presents a large market opportunity for CO2 Group, as these companies attempt to address their emissions profiles,” said Mr Grant.

The Government expects to prepare legislation in early 2009 with the CPRS becoming operational by 1 July 2010.

The CO2 Group looks forward to continuing to work with Government on the successful implementation of forest sinks within the Scheme.

Please telephone Mr Andrew Grant on 03 9787 9766 with any queries on the introduction of the CPRS.

Yours faithfully
CO2 Group Limited



Harley Whitcombe
Company Secretary

CO2 Australia is the largest provider of dedicated forest carbon sink plantings in Australia. It was the first organisation to achieve accreditation for reforestation projects under both the NSW Greenhouse Gas Abatement Scheme and the Federal Government's Greenhouse Friendly™ Program.

CO2 Australia is a participant member of the Chicago Climate Exchange and is positioned to establish forest carbon sinks recognised under the Federal Government's Carbon Pollution Reduction Scheme.

Ends

Media Enquiries

Emily Staniforth

Wilkinson Media Pty Ltd

Ph: 02 8001 8888

Mob: 0434 708 104

estaniforth@wilkinsonmedia.com.au

