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Integrated belt plantings in a cropping program at 'Press's', West Wyalong NSW planted in 2006 for Eraring Energy.

The 2009 year witnessed continued improvement in your company's operating performance and business growth prospects.

CO2 Group has been and continues to be actively involved in the Federal Government's Carbon Pollution Reduction Scheme (CPRS) with input to both legislation and rules and regulations.

Pleasingly, the CPRS legislation expressly includes forest carbon sinks as an eligible abatement activity. CPRS permits created via reforestation projects will be bankable, tradable and extinguishable in exactly the same way as other Government issued permits.

The commercial and environmental landscape to our business is evolving rapidly as our world moves to an increasingly carbon constrained future; of particular relevance is the speed with which the Obama Administration has moved on climate legislation (Waxman-Markey Bill) which is a necessary pre-condition to any global approach to reducing Greenhouse Gas Emissions.

The company has continued its core research and development focus to build upon its significant intellectual property to both maintain and enhance its competitive position and capacity to service its customers with industry best practice outcomes.

Looking forward, we believe the Federal Government will secure passage of the CPRS through the Senate by the end of November 2009.

Finally, I would like to thank my fellow directors and particularly Andrew Grant (CEO) and his team for their efforts in 2009 and stress to shareholders that this is just the beginning of your company's growth.



Ian Trahar
Chairman
CO2 Group Limited