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SYDNEY NSW 2000

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Dear Sir

## **CO2 Group diversifies and significantly increases revenue base with new carbon trading contracts**

Environmental services company CO2 Group Limited (“CO2 Group” ASX:COZ) is pleased to announce that it has diversified its revenue base through the successful launch and ongoing growth of its environmental trading division, Carbon Banc™, which was launched in March of this year.

Since March the business has generated \$11 million of revenue. New customer enquiries are at record levels, and in September alone, the business secured \$4.6 million worth of new contracts.

CO2 Group has a strategy in place to diversify its revenue base and Carbon Banc™ represents one of the company’s initiatives to achieve this. As an environmental trading business, Carbon Banc™ provides an access point for customers with an increasing environmental obligation to a number of state and federal-based emission trading schemes. These are typically illiquid markets and Carbon Banc™ has helped to provide liquidity by attracting new trading customers.

Carbon Banc™ has been most active in the Small-scale Renewable Energy Scheme and the Large-scale Renewable Energy Target where many new entrants have sought competitive pricing in exchange for certificates. Other environmental markets in which Carbon Banc™ trades include the NSW Greenhouse Gas Reduction Scheme & Energy Saving Scheme, the Large Renewable Energy Scheme and the Victorian Energy Efficiency Scheme.

In six months, Carbon Banc™ has partnered with more than 80 customers and has established trading relationships with some of Australia’s major banks, large and medium sized enterprises, and energy retailers and generators.

With the introduction of the Carbon Farming Initiative, Carbon Banc™ will continue to expand its operations to meet increased demand for compliance credits. The Initiative also allows Carbon Banc™ to trade CO2 Group’s credits in established international carbon markets.

### **CO2 Group Limited**

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CO2 Group's Chief Executive Officer Mr. Andrew Grant said: "For some time we have had a clear strategy of diversifying our business into a broader environmental services company and Carbon Banc™ is a good example of how we are achieving this diversification. In a little over six months, we have organically built a business with revenues of \$11 million, and secured over 80 customer relationships.

"Irrespective of government legislation, carbon trading activities are a growing market and we are well placed to take advantage of this growth in Australia, as well as in international markets where we see significant upside. Our marketing efforts to date have focused on the Australian market however we are now actively exploring new international opportunities with a number of large blue chip organisations."

Mr. Grant said CO2 Group was also well progressed with other new business initiatives in the areas of forestry mapping and management, mine site rehabilitation, new carbon sink plantings, carbon accounting and inventory management activities; the company will update shareholders on its progress in the coming weeks.

Any queries in on this announcement should be directed to either Andrew Grant on (03) 9928 5111 or Harley Whitcombe on (08) 9321 4111.

Yours faithfully  
**CO2 Group Limited**

A handwritten signature in black ink, appearing to read 'Harley Whitcombe', written over a diagonal line.

Harley Whitcombe  
Company Secretary

- Ends -

**For more information contact:**

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