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ANNOUNCEMENT 360

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Dear Sir

CO2 Australia releases unique Forest Carbon Study

CO2 Group Limited (ASX Code: COZ) subsidiary CO2 Australia yesterday released the findings of a Tasmanian Forest Carbon Study designed to estimate the volume of carbon stored in the State's forest estates. The study was commissioned by the Tasmanian Government through the Tasmanian Climate Change Office.

CO2 Group chief executive officer Andrew Grant said "the Tasmanian Government deserved recognition for undertaking such a study."

"This is the first carbon study of its kind undertaken in Australia. The comprehensive study provides a complete carbon accounting system that can be used for complex and large scale carbon accounting for forest systems now and in the future" Mr Grant said.

The aim of the Carbon Study was to develop a picture of carbon stock levels in Tasmania's forests and covered more than three million hectares and 95 different forest types.

The Carbon Study looked at the complex issue of how changing forest management and land use practices affect carbon stocks, the level of carbon abatement that arises from those changes and also provided an assessment of the commercial value of the various carbon storage levels.

An analysis was provided of opportunities to monetise carbon sequestration and avoided emissions under various domestic and international carbon trading programs.

The study found that current carbon stocks in Tasmania's forests contain around three to four billion tonnes of carbon, which is six times the amount of Australia's average greenhouse gas emissions profile. Under a variety of forest management and land use scenarios it was found that it may be possible to achieve greenhouse gas abatement worth tens of millions of dollars in the future. It was concluded that the development and growth in the carbon markets provides interesting prospects for commercial carbon forest projects in Tasmania.

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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).



"We are very pleased to have had the opportunity to be involved in this study, which leverages our strengths in the carbon advisory area. We have some unique experience in forest carbon accounting and assessing the commercial potential for forest carbon projects, all of which align very well with the objectives of this project," Mr Grant added.

With more than eight years of experience in the domestic and international carbon markets, CO2 Australia is well-placed to work in this report. As a carbon specialist, the company operates across all aspects of carbon regulation in Australia (and other parts of the world), and more broadly under the mechanisms of the Kyoto Protocol.

CO2 Australia commenced the Forest Carbon Study in November 2011.

CO2 Australia is the country's largest developer of reforestation-based carbon projects, having developed more than 26,000 hectares (or 39 million trees) of dedicated carbon plantings in Australia.

Yours faithfully
CO2 Group Limited

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

Harley Whitcombe
Company Secretary

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