



Our Ref: CO2 ASX Announce Marine Farms (390)

9 September 2013

ANNOUNCEMENT 390

Market Announcements Office
Australian Securities Exchange
Level 6
20 Bridge Street
SYDNEY NSW 2000

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

Dear Sir,

Acquisition for Prawn Broodstock Facility - another milestone in the development of Project Sea Dragon

- Acquisition of Marine Farms aquaculture site.
- Site to be upgraded and converted to prawn broodstock facility as part of the commercial breeding program for Project Sea Dragon.
- Facilities will be used to hold, rear, breed and test animals for disease status prior to introducing them into the Project Sea Dragon production system.
- Acquisition of Marine Farms completes an important element of the Project Sea Dragon critical path and confirms that development of the project is on schedule.

CO2 Group Limited subsidiary Western Australian Resources Limited (WARL) is pleased to announce today the acquisition of the Marine Farms Pty Ltd aquaculture site in Exmouth Gulf, Western Australia. The purchase of this facility is another key step in the advancement of WARL's Project Sea Dragon (PSD) – the development of a new world class Black Tiger Prawn aquaculture industry in northern Australia. The opportunity to acquire Marine Farms was timely and opportunistic as WARL had been undertaking assessments of possible greenfield Broodstock Facility sites. The Broodstock Facility for PSD needs to be geographically separated from the hatchery and grow out facilities. The Marine Farms site was identified and an offer made to acquire it after assessment that its acquisition represented a unique opportunity to acquire an existing high-quality site at a lower cost than developing a new site and, because the facility has aquaculture permits in place, enables an early start on the breeding program.

Broodstock development is a key component of the overall commercial breeding program which is a long-lead item in the scheduled development of the 100,000 tonne per annum farmed prawn production system proposed by WARL. Early start of the breeding program will reduce the overall development timing for PSD to commence production. Importantly it means that early stocking of the grow out farms, utilising juvenile prawns which had been the product of several generations of selective cross-breeding to enhance growth, health and quality traits, will lead to better start-up production yields and economic returns.

WARL's Managing Director, Mr Robert Bell, commenting on the acquisition of the aquaculture site, said "The purchase of Marine Farms Pty Ltd in Exmouth provides us with a highly biosecure site with access to high-quality water from Exmouth Gulf enabling the development of the prawn broodstock facility – a critical component of our Black Tiger Prawn commercial breeding program for PSD. Marine Farms has aquaculture licences, water systems and infrastructure in place, which WARL will upgrade and convert to hold, rear, breed and test animals for disease status prior to introducing them into the PSD production system".

Director of Aquaculture Operations for WARL, Mr Dallas Donovan, added "Broodstock animals reared at the Exmouth site, once proven to be disease-free, will be moved to the PSD Breeding facilities, where they would be used to develop an intensive selective breeding program and to produce the larval prawns which will then be transferred into PSD's proposed extensive development of grow out ponds."

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CO2 Group Limited is a corporate authorised representative ("CAR") (Number 420079) of CO2 Group Financial Services Pty Ltd (ABN 92 142 542 774 AFSL 388086). The Group's Authorised Representative numbers are: CO2 Group Limited (CAR # 420079); Carbon Banc Limited (CAR # 420080); CO2 Australia Limited (CAR # 420081).



Commenting on the acquisition, CO2 Group CEO Andrew Grant said, 'The decision by the board to approve the purchase of Marine Farms completes an important element of the PSD project's critical path and confirms that development of the project is on schedule. The acquisition supports the Company's diversification strategy which is utilising the background and skills base of our senior personnel to expand into the emerging agri/food sector (which holds considerable opportunity for Australia and companies such as ours). The Board anticipates announcing over the next several months other significant steps in the ongoing development of Project Sea Dragon'.

The Company will continue to provide regular updates on the Project as key proposed ongoing steps are completed.

Please telephone Rob Bell on 08 9321 4111 should you have any queries.

Yours faithfully,
CO2 Group Limited

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

Harley Whitcombe
Company Secretary

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About WARL

Western Australian Resources Limited is a wholly-owned subsidiary of the CO2 Group Limited (ASX: COZ). WARL's vision is to develop a new, transformational agri/food enterprise in Australia through sustainable development of large-scale aquatic protein production systems. Leveraging off CO2 Group's expertise in sustainability project delivery track-record, WARL is currently undertaking feasibility studies to site, design and develop the first development of its vision – Project Sea Dragon – a world class, land-based prawn farming enterprise in northern Australia, to deliver reliable long-term supplies of sustainable, high quality volumes – of the world's most highly traded seafood commodity – to international markets, primarily in Asia.