



Our Ref: CO2 ASX Announce Media Release – CO2 NZ Carbon Project (321)

7 November 2011

ANNOUNCEMENT 321

Company Announcements Office
Australian Stock Exchange
Level 6
20 Bridge Street
SYDNEY NSW 2000

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

Dear Sir

CO2 Group's partner CO2 New Zealand secures new \$10 million carbon sequestration project in New Zealand

CO2 Group Limited ("CO2 Group" ASX:COZ) is pleased to announce that its partner CO2 New Zealand has secured a new \$10 million carbon sequestration project in New Zealand for a significant Maori community (Iwi) on the North Island of New Zealand.

CO2 Group holds a 45 per cent interest in CO2 New Zealand LP which has secured the contract. The project, which will be undertaken in partnership with the Iwi and other local authorities, will bring additional benefits such as carbon based afforestation, erosion control and waterway management.

"This is a significant project for CO2 Group and further strengthens our New Zealand business," said CO2 Group's CEO Andrew Grant. "It also diversifies our revenue streams and client base, and it is in line with our strategy of partnering with leading blue chip organisations, municipalities and government bodies.

In addition to securing this major investment project, CO2 New Zealand has secured over \$7 million of long term carbon contract sales with major New Zealand Emission Trading Scheme compliance parties.

Mr. Grant added that CO2 New Zealand continues to expand its range of services which further positions the company as a broader based environmental services company. An example of this diversification is the mapping of Pre-1990 forestry land currently being undertaken by CO2 New Zealand for a range of clients.

Owners of pre-1990 forest land are subject to deforestation obligations under the New Zealand Emissions Trading Scheme (ETS). The decrease in land value for some pre-1990 forest landowners as a result of the ETS rules will be partially offset by a one-off free allocation of New Zealand Units (NZUs) from the Government.

CO2 New Zealand is currently involved in the mapping of more than 220,000 hectares which will realise close to 5.7 million NZUs for clients. This makes CO2 New Zealand the largest land applicant to the New Zealand Government for Pre-1990 forest allocations on behalf of its clients.

CO2 Group Limited

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"This area of our business continues to grow and we are partnering with a number of leading blue chip organisations in the energy, agriculture, forestry and manufacturing sectors to manage their mapping and application activities. It is further evidence of our diversified environmental services model."

Mr. Grant says CO2 Group is in strong shape with no debt and a growing cash position and it expects to report its full year financial results on 28 November 2011.

Yours faithfully
CO2 Group Limited

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

Harley Whitcombe
Company Secretary

For more information contact:

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