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Dear Sir

Carbon Farming Initiative opens CO2 to international markets

CO2 Group Limited (CO2 Group) welcomes the passage yesterday of the Carbon Farming Initiative (CFI) through Parliament.

The CFI will enhance farm productivity and reduce the effects of climate change, according to Australia's largest provider of forest carbon sink plantings.

"This is a national scheme that provides accredited carbon offsets. The CFI puts in place a framework for the creation of carbon offsets from a range of activities including carbon forestry, management of legacy waste emissions, better management of soil carbon and techniques to reduce methane emissions from livestock," Andrew Grant, CO2 Group Chief Executive Officer, said today.

"The Carbon Farming Initiative is world leading," said Grant. "It is good for the environment, it is financially beneficial for farmers, and it's a big step in encouraging investment that repairs land degradation."

The implementation of the CFI is a building block toward a fully functioning carbon market in Australia. This is a positive step for the growing carbon industry. Under the CFI, carbon credits from activities occurring within Australia can be exported.

"Following the recent announcement of carbon price legislation that provides CO2 Group with exposure to around 500 large carbon emitters, the CFI means we can now expand into a much larger international market," Mr Grant said.

The CFI allows landholders to participate in carbon reduction projects including planting trees, increasing soil carbon and reducing on-farm emissions. It provides a real opportunity to improve the Australian landscape, enhance farming productivity and mitigate the effects of climate change.

"This initiative will support projects that provide associated benefits to rural communities: the creation of new jobs in regional Australia, increased biodiversity through the planting of native trees in heavily cleared landscapes and soil improvements by arresting soil erosion and salinity," Mr Grant said.

Grant said the CFI will ensure the carbon offsets that businesses and individuals can buy are trusted and have real environmental benefits. He said the CFI establishes a robust system that requires carbon claims be substantiated and well grounded in science.

"Programs that provide carbon credits have to go through a strict process to ensure they comply with the rigorous criteria. That way, when a person or company buys carbon offsets, there is confidence that the carbon has been removed from the atmosphere. You can be sure the activity has taken place."

CO2 Group Limited

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"Companies looking to offset their carbon emissions, now have a domestic source of carbon credits and do not have to move offshore to secure them and importantly, for CO2 Group's existing clients the legislation allows for all existing planting projects to be registered under CFI. As such, this provides great opportunities for our existing clients," Mr Grant said.

CO2 Group is the largest provider of dedicated forest carbon sink plantings in Australia with more than 17,000 hectares under management. The company has been operating since 2004 and was the first organisation to achieve accreditation for reforestation projects under both the NSW Greenhouse Gas Abatement Scheme and the Federal Government's former Greenhouse Friendly™ Program.

Yours faithfully
CO2 Group Limited

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

Harley Whitcombe
Company Secretary

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