



Our Ref: CO2 ASX Announce Corporate Update (389)

26 July 2013

ANNOUNCEMENT 389

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

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(including this page)

Dear Sir,

Board Appointments
Audit Committee
Australian Financial Services Licence Change

CO2 Group Limited announced earlier today the retirement of Dr. Mal Hemmerling as a director of the Company.

The Board of CO2 Group has decided not to appoint a replacement non-executive director at this point in time, preferring to wait on the progress of Project Sea Dragon before appointing a suitably qualified replacement for Dr. Hemmerling.

The Company acknowledges that the composition of the Board is not consistent with recommendation 2.1 of the Australian Securities Exchange Corporate Governance Council ("CGC") in that a majority of the Board does not comprise independent directors. As previously stated in the Company's Board Charter, the size of the Company, its specialised non-complementary businesses and its geographic markets places a demand for a skills, knowledge and experience combination which is difficult to match without incurring unreasonable cost. The Board holds the view that expanding the Board to comply with the form of recommendation 2.1 would not necessarily add value and that in the short-term, the cost outweighs the benefits.

Dr. Hemmerling was also chairman of the Audit Committee and a member of the Remuneration Committee.

The Company advises that Mr Favretto, a member of the Audit Committee and a non-executive director, will become Chairman of the Audit Committee and Dr. Chris Mitchell, an executive director has been appointed as a member of both the Audit Committee and Remuneration Committee.

The structure of the Committee is not consistent with recommendation 4.2 of the Australian Securities Exchange Corporate Governance Council ("CGC") in that it is not comprised solely of non-executive directors; the Company currently only has one non-executive director. The size of the full Board is five members and as the independent director and Dr. Mitchell are not financial professionals, the Board considered that the Chairman of the Company, who is also an executive director, should also be a member to ensure the Committee is balanced and has the requisite technical expertise and industry knowledge.

CO2 Group, through the acquisition of Ecofund Queensland, now has its own Australian Financial Services Licence. The licence under which the CO2 Group of companies will now trade is held by CO2 Group Financial Services Pty Ltd. The new licence enables the CO2 Group to trade in a wider variety of instruments.

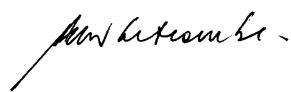
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CO2 Group Limited is a corporate authorised representative ("CAR") (Number 420079) of CO2 Group Financial Services Pty Ltd (ABN 92 142 542 774 AFSL 388086). The Group's Authorised Representative numbers are: CO2 Group Limited (CAR # 420079); Carbon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

Yours faithfully,
CO2 Group Limited

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

Harley Whitcombe
Company Secretary

About CO2 Australia

With more than 26,400 hectares under management across the country, plus 3,500 hectares of protected remnant native vegetation, CO2 Australia is the largest provider of dedicated carbon sink plantings in Australasia. The company currently manages landmark commercial contracts for Qantas Airways, Eraring Energy, Macquarie Bank, Woodside Energy, INPEX Browse, Origin Energy, Newmont Mining and Wannon Water.

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.