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ANNOUNCEMENT 340

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SYDNEY NSW 2000

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Dear Sir

CO2 Group now authorised to deal in carbon derivatives through Valuestream Australian Financial Services Licence

Australasia's carbon specialist CO2 Group Limited (ASX: COZ) is pleased to announce that it has become a corporate authorised representative of Valuestream Investment Management Limited (AFSL No 246621) ("Valuestream") so it can deal in derivatives across Australia's carbon trading markets.

CO2 Group is the first carbon project developer in Australia to access an Australian Financial Services Licence.

As part of the legislative package passed by the Australian parliament last year, emissions units (carbon credits) are now classed as financial products. From 1 July 2012, trading in derivatives of carbon credits or provision of financial advice on investment in carbon projects requires an Australian Financial Services Licence.

The licence enhances CO2 Group's capacity to provide quality carbon management services to clients and enables CO2 Australia Ltd and Carbon Banc Ltd, wholly-owned subsidiaries of CO2 Group, to provide investment advice and carbon trading services to companies.

CO2 Group's methodology to create carbon credits under the Carbon Farming Initiative (CFI) was made available for public comment by the Domestic Offsets Integrity Committee in early April 2012. When approved, this methodology will allow CO2 Group to create CFI credits through its tree planting projects and the licence will allow CO2 Group to trade these credits across Australia's carbon markets.

Valuestream provides independent responsible entity and trustee services to a range of fund managers operating in Australia.

CO2 Group Limited

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Andrew Grant, CEO of CO2 Group commented: "This Agreement will enable CO2 Group to enter into forward contracts for the purchase or sale of Australian Carbon Credit Units (ACCUs) and other carbon instruments created under the Carbon Farming Initiative.

"This is a significant development for the CO2 Group, as it gives us the ability to provide a full range of products and services for Australian companies seeking to reduce costs associated with the upcoming carbon pricing legislation."

"This agreement with Valuestream consolidates CO2 Group's position as the leading originator, developer and trader of carbon products and services in the Australasian market. We can now provide a much more comprehensive range of products and services so large emitters can reduce the costs of complying with the carbon price from 1 July 2012," Mr Grant said.

Disclaimer

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)

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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About CO2 Group

With more than 22,000 hectares under management across the country, plus 3,500 hectares of protected remnant native vegetation, CO2 Group 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.