

Directors' report

The Directors present their report together with the financial statements of CO2 Group Limited (referred to hereafter as the Group) consisting of CO2 Group Limited and the entities it controlled at the end of or during the year ended 30 September 2013.

Directors

The following persons were Directors of CO2 Group Limited during the whole of the financial year and up to the date of this report:

Ian Norman Trahar
Andrew William Thorold Grant
Dr Christopher David Mitchell
Paul John Favretto
Harley Ronald Whitcombe

Dr Mal Hemmerling was a Non-Executive Director from the beginning of the financial year until his resignation on 26 July 2013.

Principal activities

The Group's principal continuing activity during the year consisted of:

- (a) A carbon solutions company dedicated to creating a better climate. With a suite of innovative sustainability businesses in Australia, New Zealand and Asia, CO2 Group offers commercially astute low cost solutions to organisations, landholders and individuals with tailored strategies to manage carbon liabilities, assess carbon project feasibility, use carbon credits and manage carbon compliance, data collection and reporting. The Group designs, develops and manages greenhouse abatement projects, establishes carbon forests to secure an ongoing supply of carbon credits, and is forming long term carbon credit supply agreements and carbon trading solutions.
- (b) The development of large scale, land-based aquaculture production systems in northern Australia, each designed to produce 100,000 metric tonnes per annum (Mtpa) of black tiger prawns to meet an ever-increasing international demand for high-quality seafood.

Review of operations

The Group has reported a loss for the year after taxation of \$6,779,523 (2012: profit \$4,912,698).

For more information on the Group's operations, please refer to the CEO's message earlier in this report.

Matters subsequent to the end of the financial year

Since 30 September 2013 CO2 Group Limited has acquired a further 45% of CO2 New Zealand Limited Partnership, for cash consideration of NZ\$45,000. The Group's share of CO2 New Zealand Limited Partnership is now 90%.

Matters subsequent to the end of the financial year (continued)

Except for the new acquisition discussed above, no other matter or circumstance has arisen since 30 September 2013 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this annual report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Information on directors

Ian Norman Trahar B.Ec, MBA. *Chairman*

Experience and expertise

Mr Trahar has a resource and finance background. He is a director and significant shareholder of Avatar Industries Pty Ltd, an unlisted public company. Ian is a member of the Australian Institute of Company Directors.

Other current directorships

None

Former directorships in last 3 years

Kresta Holdings Limited (ceased 14 March 2011).

Special responsibilities

Chair of the board.

Member of the audit committee.

Member of remuneration committee.

Interests in shares and options

214,673,321 ordinary shares in CO2 Group Limited.

Information on directors (continued)

Harley Ronald Whitcombe B.Bus, CPA. *Executive Director.*

Experience and expertise

Mr Whitcombe has had many years' commercial and finance experience, providing company secretarial services to publicly listed companies. He is a member of the Australian Institute of Company Directors.

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

Chief Financial Officer of CO2 Group Limited & Company Secretary.

Interests in shares and options

12,013,259 ordinary shares in CO2 Group Limited.

Dr Christopher David Mitchell PhD, BSc (Hons), GAICD. *Executive Director.*

Experience and expertise

Dr Mitchell has a PhD in biology from the University of Melbourne, is a graduate of the Australian Institute of Company Directors and has a 20 year involvement in Australian and international climate change research. He is an Adjunct Professor at the School of Environmental Science Murdoch University. Prior to joining CO2 Group full time Dr Mitchell was Foundation Director of the Centre for Australian Weather and Climate Research, a partnership between CSIRO and the Bureau of Meteorology, and was CEO of the Cooperative Research Centre for Greenhouse Accounting. He chaired the Victorian Climate Change Minister's Reference Council on Climate Change Adaptation and is on the CSIRO's Environment and Natural Resources Sector Advisory Committee.

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

Member of the audit committee.

Member of remuneration committee.

Interests in shares and options

1,903,050 ordinary shares in CO2 Group Limited.

931,525 Performance Rights in the CO2 Group Limited Incentive Plan.

Information on directors (continued)

Andrew William Thorold Grant BSc (Hons), Grad Dip Bus Mg, MAICD.
Chief Executive Officer.

Experience and expertise

Mr Grant has been at the forefront of climate change science and carbon trading for 13 years. Leading the CO2 Group and its related entities since 2005, Mr Grant has grown the company into the leading carbon business in Australasia. Prior to that he was the National Head of Ernst and Young's environmental advisory division, also fulfilling this same role at Arthur Andersen in previous years. Earlier, Mr Grant held the position as Executive Manager in Sustainable Packaging at Visy Industrial Packaging.

When the New South Wales Government developed the Greenhouse Gas Reduction Scheme, Mr Grant was the lead advisor and for three years, from 2006 to 2009, he was Chairman of the Port Phillip Western Port Catchment Management Authority. Mr Grant has advised many large companies across Australia and has also undertaken design and audit roles in a variety of carbon trades. From 2004 to 2006 Mr Grant was an independent director of the Cooperative Research Centre (CRC) for Greenhouse Accounting and is currently a non-executive director of Parks Victoria and Earthwatch Institute. Mr Grant has a First Class Honours Degree in Science and a Graduate Diploma of Business Management at Executive level. In 2011 he graduated from the Australian Institute of Company Directors.

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

Chief Executive Officer CO2 Group Limited.
Managing Director CO2 Australia Limited.

Interests in shares and options

6,985,032 ordinary shares in CO2 Group Limited.
1,863,050 Performance Rights in the CO2 Group Limited Incentive Plan.

Information on directors (continued)

Paul John Favretto LL.B. *Non-executive Director.*

Experience and expertise

Mr Favretto was previously Managing Director of Avatar Industries Limited. Before that Mr Favretto worked for 20 years in the financial services industry holding senior management positions with Citibank Limited (1976 to 1985) and Bankers Trust Australia Limited (1986 to 1994).

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

Chairman of remuneration committee.

Chairman of audit committee.

Interests in shares and options

20,730,720 ordinary shares in CO2 Group Limited.

Company secretary

The Company secretary is Mr Harley Ronald Whitcombe B.Bus, CPA. Mr Whitcombe was appointed to the position of Company secretary on 12 November 2001. Mr Whitcombe has had many years' commercial and finance experience, providing company secretarial services to publicly listed companies. He is a member of the Australian Institute of Company Directors.

Meetings of directors

The numbers of meetings of the Company's board of Directors and of each board committee held during the year ended 30 September 2013, and the numbers of meetings attended by each Director were:

	Full meetings of directors		Meetings of committees			
			Audit		Remuneration	
	A	B	A	B	A	B
Ian Norman Trahar	9	9	3	3	1	1
Andrew William Thorold Grant	9	9				
Dr Christopher David Mitchell	8	9				
Paul John Favretto	9	9	3	3	1	1
Dr Malcolm Hemmerling	7	7	3	3	1	1
Harley Ronald Whitcombe	9	9				

A = Number of meetings attended

B = Number of meetings held during the time the Director held office or was a member of the committee during the year

Meetings of directors (continued)

Remuneration report (audited)

The Directors are pleased to present your Company's 2013 remuneration report which sets out remuneration information for CO2 Group Limited's non-executive Directors, executive Directors and other key management personnel.

Non-executive director remuneration policy

The shareholders of CO2 Group Limited on 24 February 2012 approved, for the purposes of the ASX Listing Rules and CO2 Group's Constitution, an increase in the maximum aggregate directors' fees to \$400,000, with such fees to be allocated to the directors as the board of directors may determine.

The Board determines the remuneration payable to the non-executive directors. The remuneration covers the non-executive directors for both their work as a director and as a member of any committees.

The Remuneration Committee determines the remuneration of all non-executive directors, none of whom have service contracts with the company.

Executive remuneration policy and framework

The objective of the group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for delivery of reward. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitive and reasonable, enabling the company to attract and retain key talent;
- aligned to the company's strategic and business objectives and the creation of shareholder value;
- performance linkage / alignment of executive compensation;
- transparent; and
- acceptable to shareholders.

Alignment to shareholders' interests:

- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience; and
- provides recognition for contribution.

Remuneration report (audited) (continued)

Executive remuneration policy and framework (continued)

The board has established a remuneration committee which makes recommendations to the board on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non executive directors. The Corporate Governance Statement provides further information on the role of this committee.

The executive remuneration and reward framework has three components:

- base pay and benefits, including superannuation
- short-term performance incentives, and
- long-term incentives through participation in the CO2 Employee Option Plan.

The combination of these comprises an executive's total remuneration. The Group intends to conduct a review of the incentive plans during the year ending 30 September 2014 to ensure continued alignment with financial and strategic objectives.

Base pay and benefits

Executives receive their base pay and benefits structured as a total employment cost (TEC) package which may be delivered as a combination of cash and prescribed non financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Independent remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases included in any executives' contracts.

Short-term incentives

If the Group achieves a pre-determined profit target set by the remuneration committee, a short-term incentive (STI) pool is available to executives and other eligible participants. Cash incentives (bonuses) are payable on 15 November each year. Using a profit target ensures variable reward is only available when value has been created for shareholders and when profit is consistent with the business plan. The distribution of the STI pool is at the discretion of the Chairman and CEO.

Long-term incentives

Long-term incentives are provided to certain employees via the CO2 Group Limited Employee Incentive Plan which was approved by shareholders at the 2010 annual general meeting.

Remuneration report (audited) (continued)

Executive remuneration policy and framework (continued)

Long-term incentives (continued)

The CO2 Group Limited Employee Incentive Plan is designed to provide long-term incentives ("LTI") for executives to deliver long-term shareholder returns. Under the plan, participants are granted Performance Rights which only vest if certain performance conditions are met and the employees are still employed by the Group at the end of the vesting period. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

There are three tranches of Performance Rights each with a different vesting condition. The first tranche was dependent upon the employee still being employed by the Group on 30 September 2012. The second tranche vested on 1 February 2013 as the audited results for the prior financial year produce an average ROCE of 25% or greater. The ROCE calculation is modified to exclude bank balances and deferred income from the average capital employed, and interest income and profit on sale of fixed assets from EBIT. The final tranche of Performance Rights will vest on 1 February 2014 if the average ROCE for the 24 month period to 30 September 2013 is 25% or greater.

(a) *Voting and comments made at the company's 2012 Annual General Meeting*

CO2 Group Limited received more than 90% of "yes" votes on its remuneration report for the 2012 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

(b) *Details of remuneration*

Amounts of remuneration

Details of the remuneration of the directors, the key management personnel of the Group (as defined in AASB 124 *Related Party Disclosures*) of CO2 Group Limited and the Group are set out in the following tables.

The key management personnel of CO2 Group Limited includes the directors as listed below:

- Ian Norman Trahar (Chairman and Executive Director)
- Andrew William Thorold Grant (Chief Executive Officer and Executive Director)
- Harley Ronald Whitcombe (Executive Director and Company Secretary)
- Dr Christopher David Mitchell (Executive Director)
- Dr Malcolm Brian Hemmerling (Non-executive Director until his resignation 26 July 2013)
- Paul John Favretto (Non-executive Director)

In addition to the directors the following executives that report directly to the Chief Executive Officer are key management personnel:

- Aaron Soanes (Director and General Manager of Operations, CO2 Australia Limited)
- Paul Thomas (Sales Director, CO2 Australia Limited, left employment 31 July 2013)

Remuneration report (audited) (continued)

(b) Details of remuneration (continued)

Amounts of remuneration (continued)

- Dr James Bulinski (Director, CO2 Australia Limited)

The following tables show details of the remuneration received by the Directors and the key management personnel of the Group for the current and previous financial year.

Remuneration report (audited) (continued)

(b) Details of remuneration (continued)

2013	Short-term employee benefits			Post-em employment benefits	Long- term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non- monetary benefits	Super- annuation	Long service leave	Termi- nation benefits	Performance rights	
Name	\$	\$	\$	\$	\$	\$	\$	\$
Non-executive Directors								
M B Hemmerling (retired 26 July 2013)	41,711	-	-	7,929	-	-	-	49,640
P Favretto	33,383	-	-	26,601	-	-	-	59,984
Sub-total non-executive directors	75,094	-	-	34,530	-	-	-	109,624
Executive Directors								
I Trahar	239,156	-	-	23,529	4,378	-	-	267,063
H Whitcombe	295,184	-	-	33,756	4,931	-	-	333,871
A Grant	406,028	-	33,900	36,798	7,433	-	74,522	558,681
C Mitchell	240,322	-	11,011	27,014	4,450	-	37,261	320,058
Other key management personnel (Group)								
A Soanes	233,450	-	-	21,156	5,135	-	18,630	278,371
J Bulinski	182,700	-	15,041	16,557	4,018	-	18,630	236,946
P Thomas (until 31 July 2013)	186,957	-	-	17,519	-	32,138	-	236,614
Total key management personnel compensation (Group)	1,858,891	-	59,952	210,859	30,345	32,138	149,043	2,341,228
2012								
Name	Short-term employee benefits			Post-em employment benefits	Long- term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus *	Non- monetary benefits	Super- annuation	Long service leave	Termi- nation benefits	Performance rights	
Name	\$	\$	\$	\$	\$	\$	\$	\$
Non-executive Directors								
M B Hemmerling (retired 26 July 2013)	45,878	-	-	8,251	-	-	-	54,129
P Favretto	10,004	-	-	43,951	-	-	-	53,955
Sub-total non-executive directors	55,882	-	-	52,202	-	-	-	108,084
Executive Directors								
I Trahar	243,431	-	-	23,529	4,459	-	-	271,419
H Whitcombe	303,608	46,800	-	27,325	4,450	-	-	382,183
A Grant	414,952	93,600	26,303	55,956	7,256	-	521,654	1,119,721
C Mitchell	224,100	46,800	11,011	39,135	4,387	-	260,827	586,260
Other key management personnel (Group)								
A Soanes	216,394	42,120	-	20,700	4,178	-	130,413	413,805
J Bulinski	180,000	46,800	7,221	16,200	3,270	-	130,413	383,904
P Thomas (until 31 July 2013)	153,787	-	-	13,841	2,626	-	-	170,254
Total key management personnel compensation (Group)	1,792,154	276,120	44,535	248,888	30,626	-1,043,307	-	3,435,630

* STI bonus paid 15 November 2012 relating to the 2012 financial year.

Remuneration report (audited) (continued)

(b) Details of remuneration (continued)

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Consolidated

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2013	2012	2013	2012	2013	2012
	%	%	%	%	%	%
Executive Directors of CO2 Group Limited						
I Trahar	100%	100%	-%	-%	-%	-%
H Whitcombe	100%	100%	-%	-%	-%	-%
A Grant	87%	49%	-%	-%	13%	51%
C Mitchell	88%	52%	-%	-%	12%	48%
Other key management personnel of the group						
A Soanes	93%	66%	-%	-%	7%	34%
J Bulinski	92%	61%	-%	-%	8%	39%
P Thomas	100%	100%	-%	-%	-%	-%

(c) Service agreements

Remuneration has been determined after the Remuneration Committee, for executive directors, and the Board, for group executives, has investigated current market terms and conditions.

The Remuneration Committee will continue to revise the remuneration practices and develop policy for future appointments and determine performance-based salary increases and bonuses, bearing in mind the size of the Group and the need to ensure quality staff are employed and retained.

I Trahar, H Whitcombe, and C Mitchell, Executive Directors:

- Term of agreement - no fixed term;
- Base salary which includes superannuation is reviewed annually (minimum increase of CPI);
- Employer may terminate employment on giving twelve months notice and in the event of early termination at the option of the employer, by payment of a termination benefit equal to 100% of base salary for the unexpired period of notice. The employee may terminate on giving three months notice.

Remuneration report (audited) (continued)

(c) Service agreements (continued)

A Grant Chief Executive Officer of CO2 Group Ltd and Managing Director of subsidiary CO2 Australia Limited:

- Term of agreement - no fixed term;
- Base salary which includes superannuation is reviewed annually (minimum increase of CPI);
- Employer may terminate employment on giving six months notice and in the event of early termination at the option of the employer, by payment of a termination benefit equal to six months of base salary for the unexpired period of notice;
- In the event of redundancy, six months base salary is to be paid plus payment equivalent to three weeks of base salary for each completed year of service;
- From 1 February 2006 all running costs relating to Mr Grant's motor vehicle are paid by the company, including the monthly hire purchase payments on the vehicle;

A Soanes Director and Manager of Operations, CO2 Australia Limited:

- Term of agreement - no fixed term;
- Base salary which includes superannuation is reviewed annually (minimum increase of CPI);
- Employer or employee may terminate employment on giving one months notice;
- In the event of redundancy, three months base salary is to be paid plus payment equivalent to two weeks of base salary for each completed year of service;

P Thomas Sales Director, CO2 Australia Limited

- Term of agreement - no fixed term;
- Base salary which includes superannuation is reviewed annually (minimum increase of CPI);
- Employer or employee may terminate employment on giving one months notice;
- A performance related bonus of 1% of contract value of establishment fees for new investments in carbon forests providing the gross contribution margin (GCM) is a minimum of 50%;
- A variable bonus at the discretion of the Chief Executive Officer if contracts entered into are below the GCM target.

J Bulinski Director, CO2 Australia Limited

- Term of agreement - no fixed term;
- Base salary which includes superannuation is reviewed annually (minimum increase of CPI);
- Employer or employee may terminate employment on giving one months notice;

Remuneration report (audited) (continued)

(c) Service agreements (continued)

(d) Share-based compensation

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Key Management Personnel	Grant date	Expiry date	Exercise price	Value per Right at grant date	Performance achieved	% Vested
A Grant	30 September 2011	1 February 2013	-	\$0.16	Y	100
C Mitchell	30 September 2011	1 February 2013	-	\$0.16	Y	100
A Soanes	30 September 2011	1 February 2013	-	\$0.16	Y	100
J Bulinski	30 September 2011	1 February 2013	-	\$0.16	Y	100
A Grant	30 September 2011	1 February 2014	-	\$0.16	N	-
C Mitchell	30 September 2011	1 February 2014	-	\$0.16	N	-
A Soanes	30 September 2011	1 February 2014	-	\$0.16	N	-
J Bulinski	30 September 2011	1 February 2014	-	\$0.16	N	-

Rights granted under the plan carry no dividend or voting rights.

There are three tranches of Performance Rights. The first tranche's performance condition is that the individual is still employed at 30 September 2012, and was achieved by all Key Management Personnel and the shares vested. The second performance condition of 25% ROCE for the 2012 financial year was also achieved, with the Performance Rights vesting 1 February 2013. The final tranche is dependent on a ROCE of 25% for the 24 months ending 30 September 2013 and this performance hurdle will not be achieved.

Remuneration report (audited) (continued)

(d) Share-based compensation (continued)

The assessed fair value at grant date of Rights granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values of Rights at grant date are independently determined using a Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. After taking into account all these factors, the value of the rights at grant date was independently assessed to be the share price on that day, 16 cents.

There were no options over ordinary shares in the company provided to any director or key management personnel of the parent entity or the Group during the year (2012: Nil). The Performance Rights are not classed as options.

Shares provided on exercise of options

During the financial year, there were no shares provided to any Director of CO2 Group Limited or other Key Management Personnel on exercise of options.

The table below sets out summary information about the consolidated entity's earnings and movements in shareholder wealth for the last five financial periods:

	Year ended 30 September 2013	Year ended 30 September 2012	Year ended 30 September 2011	15 months period ended 30 September 2010	Year ended 30 June 2009
	\$	\$	\$	\$	\$
Revenue	45,339,991	64,263,790	35,424,605	27,714,064	14,833,919
Net profit/(loss) before tax	(10,735,144)	7,045,442	2,206,062	(4,701,603)	1,563,573
Net profit/(loss) after tax	(6,779,523)	4,912,698	1,549,727	(345,464)	681,177
	30 September 2013	30 September 2012	30 September 2011	30 September 2010	30 June 2009
Share price at start of year	10c	16c	20c	34c	38c
Share price at end of year	7c	10c	16c	20c	34c
Dividend	-	-	-	-	-
Basic earnings/(loss) per share	(1.50)c	1.19cps	0.52cps	(1.20)cps	0.25cps
Diluted earnings/(loss) per share	(1.50)c	1.12cps	0.42cps	(1.20)cps	0.18cps

Remuneration report (audited) (continued)

(d) Share-based compensation (continued)

Shares provided on exercise of options (continued)

Changes in the wealth of the business prior to the 2012 financial year bear no relationship to the remuneration of key management personnel. On 31 August 2011, shareholders approved the CO2 Employee Incentive Plan. Under the Plan, eligible participants are granted Performance Rights to acquire ordinary shares in CO2 Group Limited, subject to satisfying any vesting conditions. The Plan commenced on 30 September 2011.

Loans to directors and executives

Information on loans to directors and executives, including amounts, interest rates and repayment terms are set out in note 28 to the financial statements.

Share options granted to directors and the most highly remunerated officers

No options have been granted during the financial year.

Shares under option

There are no unissued ordinary shares of CO2 Group Limited under option at the date of this report.

The company has in issue 30,150,190 convertible preference shares that have not been exercised. For further information relating to the convertible preference shares, please refer to note 26(d).

Shares issued on achievement of performance hurdles

The following ordinary shares of CO2 Group Limited were issued during the year ended 30 September 2013 on the achievement of hurdles set by the CO2 Group Limited Employee Incentive Plan, as detailed earlier in this Remuneration Report. No further shares have been issued since that date.

Date Rights vested	Issue price of shares	Number of shares issued
1 February 2013	\$0.11	4,571,861
		4,571,861

Of the 4,571,861 ordinary referred to above, 845,762 were issued to employees other than Key Management Personnel.

Insurance of officers

During the financial year, the Group paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, Mr H R Whitcombe, and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of amounts paid or payable to the auditor for non-audit services provided during the year are outlined at note 29 to the financial statements.

Dividends - CO2 Group Limited

The Directors of CO2 Group Limited do not recommend the payment of a dividend for the year ending 30 September 2013 (2012: Nil).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 33.

Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2) of the *Corporations Act 2001*.



Andrew William Thorold Grant
Melbourne
29th November 2013

29 November 2013

The Board of Directors
CO2 Group Limited
349 Moray Street
SOUTH MELBOURNE VIC 3205

Dear Board Members

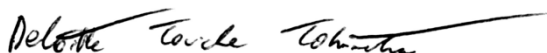
Auditor's Independence Declaration to CO2 Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of CO2 Group Limited.

As lead audit partner for the audit of the financial statements of CO2 Group Limited for the financial year ended 30 September 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Ian Sanders
Partner
Chartered Accountants