



Our Ref: CO2 ASX Announce Media Release – Methodology Determination (375)

6 February 2013

ANNOUNCEMENT 375

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

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Dear Sir,

CO2 Australia paves the way for Carbon Farming Initiative projects

CO2 Australia, a division of CO2 Group, today announced it has successfully achieved a Carbon Farming Initiative (CFI) Methodology Determination in relation to its Reforestation and Afforestation Methodology from the Domestic Offsets Integrity Committee (DOIC).

CO2 Australia can now register almost 30,000 hectares of reforestation carbon projects that it manages under the CFI and commence the production of Australian Carbon Credit Units (ACCU's), which are tradable under the Australian Carbon Pricing Mechanism.

"This is a hugely exciting and commercially significant outcome for CO2 Group," said Mr Andrew Grant, Chief Executive Officer, CO2 Group. CO2 Australia is the leading developer of reforestation carbon projects within Australia, having established forests across four states on behalf of major corporations and government agencies seeking to manage their greenhouse gas emissions.

"Now that we have the Determination, its 'game-on' for registering projects under the CFI and we are looking forward to getting on with the business of generating ACCUs for our clients" added Mr Grant.

CO2 Australia's Reforestation and Afforestation Methodology Determination is the first privately developed methodology in the forest sector to reach the Determination stage and the first to apply in-field carbon accounting approaches.

"This is a highly complex and technical piece of work that leverages CO2 Group's 10-year investment in developing commercial-scale, carbon accounting systems. Following 18 months of working through the DOIC's rigorous review process, we are tremendously proud to have achieved this milestone which confirms our solid expertise in the carbon space," said Dr Bulinski, Director, CO2 Australia.

This achievement continues CO2 Group's diversification strategy across all areas of the carbon market, following the company's successful expansion into the carbon advisory services sector and the launch of several international carbon projects over the past 12 months.

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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).



"This is a great outcome for the CFI because it demonstrates that it is possible for credentialed private sector players to successfully enter the CFI at a commercially significant scale. We can expect to see the registration of forest carbon projects and the pace of ACCU generation to speed up over the next few months," added Dr Bulinski.

The Methodology Determination was signed off by the Parliamentary Secretary for Climate Change and Energy Efficiency, and formally came into effect as a legal instrument last week. Under the rules of the CFI, the accounting approach detailed in the Determination cannot be challenged for 15 years, which provides considerable investment certainty to anyone looking to fund a forest carbon project.

"This is a great achievement for the Gillard Government and CO2 Australia, the innovative company that drove the development of this methodology," said Mr Greg Combet, the Minister for Climate Change and Energy Efficiency.

"Through effective partnerships like this, we are building additional revenue streams for landholders and farmers under the Carbon Farming Initiative, while helping to reduce the emission of greenhouse gases and protect our unique environment."

CO2 Group hopes to expand the use of its Methodology Determination to other strategic partners and actively encourages anyone who is interested in developing projects, or methodologies, under the CFI, to contact them to discuss partnership opportunities.

CO2 Australia is the country's largest developer of reforestation-based carbon projects, having developed more than 26,400 hectares (or 39 million trees) of dedicated carbon plantings in Australia.

A copy of the Minister's media release is attached.

Yours sincerely,
CO2 Group Limited

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

Harley Whitcombe
Company Secretary

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THE HON GREG COMBET AM MP
Minister for Climate Change and Energy Efficiency
Minister for Industry and Innovation

THE HON YVETTE D'ATH MP
Parliamentary Secretary for Climate Change and Energy Efficiency

JOINT MEDIA RELEASE

GC 11/13

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EXTRA INCOME FOR LANDHOLDERS THROUGH CARBON FARMING PROJECTS

Four new Carbon Farming Initiative (CFI) methodologies have been approved for forestry, piggeries and landfill operations, boosting opportunities for farmers and landowners to generate carbon credits and earn extra income under Labor's carbon pricing scheme.

The Minister for Climate Change and Energy Efficiency, Greg Combet, and the Parliamentary Secretary for Climate Change and Energy Efficiency, Yvette D'Ath, announced the methodologies and welcomed the partnerships being established thanks to the Gillard Government's Carbon Farming Initiative.

Among the latest methodologies to be approved, two establish rules for the growth, regeneration and maintenance of native forest areas.

Dr James Bulinski, a Director of CO2 Australia and proponent of the *Reforestation and Afforestation methodology*, is confident of the commercial potential for farmers, landholders and corporates seeking to manage their greenhouse gas emissions.

"This is a hugely exciting and commercially significant achievement for us and we are very proud to have achieved this milestone after 18 months of working through a rigorous development and review process," Dr Bulinski said.

"Now that we have final approval we can move to rapidly register the close to 30,000 hectares of eligible reforestation projects that we manage under the CFI and get on with the business of generating Australian Carbon Credit Units for our clients."

Mr Ben Keogh, Managing Director of Australian Carbon Traders, one of the main developers of the *Human-Induced Regeneration of Even-aged Native Forests Methodology*, also highlighted the CFI's benefits for landholders and the environment.

"The release of this methodology is an important step in the development of carbon farming as it will allow landholders to add another land use option to their farming toolkit," Mr Keogh said.

“There are tens of thousands of hectares of Australian country ready to use this methodology to blend carbon and farming on the one property. This creates a great opportunity for landholders throughout Australia.”

Pig farmers are also expected to benefit from the release of a second CFI piggery methodology, involving the capture and combustion of harmful methane gas generated from pig manure, through the use of an engineered biodigester.

Mr Combet congratulated Sunpork and the company’s management for its role in developing the *Destruction of Methane from Piggeries using Engineered Biodigesters Methodology*.

“Efficiently capturing the methane has environmental and financial benefits as farmers can use the gas produced in the process to generate electricity, saving them money on power bills. Farmers may also be able to boost their income by selling carbon credits generated from approved projects,” he said.

Landfill operators who previously diverted degradable waste from landfill may also be eligible to earn carbon credits under a new methodology covering landfill projects transitioning from the Australian Government’s Greenhouse Friendly Initiative.

“This methodology applies to composting alternative waste treatment facilities that divert legacy waste from landfill,” Mrs D’Ath said.

“Landfill operators who comply with the new set of CFI rules can generate carbon credits and help prevent harmful methane emissions generated by decaying landfill waste from entering the atmosphere.”

Further information on these four new and existing CFI methodologies is available from the [ComLaw](#) website.

More information on the CFI is available at www.climatechange.gov.au/cfi

Media contact: Mr Combet’s office 02 6277 7920