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ANNOUNCEMENT 256

Company Announcements Office
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SYDNEY NSW 2000

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Dear Sir

CO2 Australia announces Australia's biggest commercial forest carbon sink worth approx \$75m

Australia's largest provider of dedicated carbon sink plantings, CO2 Australia Limited (CO2 Australia), a wholly owned subsidiary of publicly listed CO2 Group Limited, today announced that Woodside has exercised an option to undertake approximately \$75m worth of additional forest carbon sink plantings.

By exercising this option with CO2 Australia, Woodside creates Australia's biggest commercial emissions offset program based on dedicated forest carbon sink plantings.

In November 2007 CO2 Group announced a carbon offset program with Woodside for 2008 and 2009 for an estimated value of \$25m over 50 years; today's announcement brings the total value of Woodside's carbon offset program in partnership with CO2 Australia to approximately \$100m.

The option establishes the remainder of a 50 year contract between Woodside, Australia's largest publicly traded oil and gas exploration and production company, and Australian-owned CO2 Australia.

Under this contract, CO2 Australia will, on behalf of Woodside, establish and manage mallee eucalypt environmental plantings in Western Australia.

These plantings will assist in offsetting emissions from Woodside's \$12 billion Pluto liquefied natural gas (LNG) Project currently under construction near Karratha in Western Australia.

The majority of project value will be incurred in the first three years while the forest carbon

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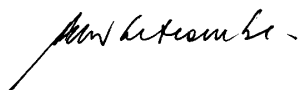
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sinks are established.

CO2 Group Limited Chief Executive Officer, Mr Andrew Grant, said the extension of the agreement with Woodside reflected the company's growing commitment to reducing its greenhouse gas footprint using offsets based on commercial forest carbon sink plantings. "The benefits to climate, landscape and regional economies delivered by CO2 Australia's dedicated carbon sink plantings provide a compelling commercial approach to offsetting greenhouse gas emissions," Mr Grant added.

The forest carbon sink plantings will be Kyoto compliant.

Yours faithfully
CO2 Group Limited

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

Harley Whitcombe
Company Secretary

For more information:

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