



Our Ref: CO2 ASX Announcement Media Release – CO2 New Zealand (279)

11 June 2010

ANNOUNCEMENT 279

Company Announcements Office  
Australian Stock Exchange  
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20 Bond Street  
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**By ASX Online**  
**Number of pages: 5**  
(including this page)

Dear Sir

## CO2 Group Expands into International Carbon Markets

ASX listed Australian environmental services company CO2 Group Limited (CO2 Group, ASX: COZ) will expand into New Zealand in June this year, the company's first overseas venture.

The expansion of CO2 Group services outside Australia follows the passing of the New Zealand Emissions Trading Scheme (NZ ETS) and New Zealand parliamentary confirmation of the emissions compliance market commencing 1 July 2010.

CO2 Group has formed a partnership with Māori commercial development company Tukia Group and New Zealand based investment and advisory firm Carbon & Energy Partners (CEP).

The partnership will trade in New Zealand under the name “**CO2 New Zealand**”. CO2 Group holds a 45 percent interest in **CO2 New Zealand**, with Tukia Group and CEP holding the remaining 55 percent.

A key feature of the NZ ETS is the ability to generate and sell carbon credits into the international carbon market which in 2009 had a market value of US\$143 billion<sup>1</sup>. Prior to the commencement of the compliance period, over 600,000 New Zealand forestry credits have been sold internationally at an average price of US\$14.

Tukia Group is committed to providing **CO2 New Zealand** with approximately 5 million New Zealand Emissions Units (NZUs) by the end of 2010 and access to undeveloped land to support the commercial needs of **CO2 New Zealand**. Tukia Group is land manager of 176,000 hectares of existing forest lands in the Central North Island Region.

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<sup>1</sup> State and Trends of the Carbon Market 2010, World Bank

### CO2 Group Limited

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**CO2 New Zealand** will trade the NZUs and develop new sustainable carbon forests on behalf of third party investors.

#### **More about CO2 New Zealand**

**CO2 New Zealand** will be based and operate solely in New Zealand as a developer, manager, trader and risk manager of physical and financial carbon assets. CO2 New Zealand will seek to be the premier reforestation company in New Zealand, building on the success of CO2 Australia and the strategic relationships of Tukia Group and CEP.

**CO2 New Zealand** will generate carbon credits in the form of NZUs and Assigned Amount Units (AAUs) for sale in both the New Zealand domestic market and international carbon markets.

**CO2 New Zealand** will facilitate investment from capital markets into carbon projects. Carbon projects will be developed on behalf of investors, or directly for organisations who require significant volumes of carbon credits to meet compliance obligations.

“New Zealand has a mandatory emissions trading scheme with established links to the international carbon community. It is a way of accessing the multi-billion dollar international carbon market while there is no action from the Australian Government to progress the Carbon Pollution Reduction Scheme.

“New Zealand is a perfect environment for reforestation activities due to its high levels of rainfall, supportive legislative environment and strong support from the New Zealand Government,” says CO2 Group CEO, Andrew Grant.

#### **More about Tukia Group**

Tukia Group was created by and for the Central North Island Iwi Collective to promote and develop long-term global commercial interests of iwi-owned business. Tukia Group is owned by six iwi (Māori tribes) based in New Zealand’s central North Island. These iwi are Ngāti Tūwharetoa, Ngāi Tūhoe, Raukawa, Ngāti Whare, Ngāti Manawa and Ngāti Rangitihī. Tukia is governed by a Board of Directors that includes representatives from each of these iwi.

Tukia Group have been engaged with a variety of both pre 1990 and post 1989 forest owners to aggregate their carbon assets. Total Māori land in New Zealand is estimated to be approximately 820,000 hectares (or 3% of New Zealand). It is estimated that approximately 600,000 hectares of this land is ‘undeveloped’ with the majority being in the North Island. Tukia Group works with the owners of these assets to develop large, long-term commercial enterprises.

#### **More about Carbon & Energy Partners**

Carbon and Energy Partners Limited specialise in carbon and energy assets in New Zealand. Led by Greg Adlam, the company has been engaged to develop carbon strategies for a range of local and offshore entities including companies, corporates, farmers and land trusts. CEP staff have been active in the developing New Zealand carbon market since 2005.



**More about the NZ ETS**

The New Zealand Government allows the creation of NZUs through reforestation activities, and via the pre-1990 Forest Land Allocation Plan. The NZ ETS, first passed into law in September 2008, has an emissions reduction target range of 10 – 20 per cent below 1990 levels by 2020. Compliance for transport, energy and industrial sectors commences on 1 July 2010, and agriculture will be included as of 1 January 2015.

Further information of the NZ ETS can be obtained at the Climate Change web site [climatechange.govt.nz](http://climatechange.govt.nz)

Yours faithfully  
**CO2 Group Limited**

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

Harley Whitcombe  
Company Secretary

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*For more information about CO2 Group contact Elise Margaritis, Marketing and Communications Manager: +61 3 9928 5111 or visit CO2 Group's web site [co2australia.com.au](http://co2australia.com.au)*

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## MEDIA ANNOUNCEMENT

# CO2 Group Expands into New Zealand

Australian environmental services company CO2 Group Limited (CO2 Group, ASX: COZ) will expand into New Zealand in June this year, the company's first overseas venture.

The expansion of CO2 Group services outside Australia allows it to extend its commercial footprint into international carbon markets: the first Australian dedicated carbon forest sink planting firm to do so.

This initiative follows the passing of the New Zealand Emissions Trading Scheme (NZ ETS) and New Zealand parliamentary confirmation of the emissions compliance market commencing 1 July 2010.

A key feature of the NZ ETS is the ability to generate and sell carbon credits into the international carbon market which in 2009 had a market value of US\$143 billion.

CO2 Group has formed a partnership with Māori commercial development company Tukia Group, and New Zealand based investment and advisory firm Carbon & Energy Partners (CEP).

The partnership will trade in New Zealand under the name "**CO2 New Zealand**".

CO2 Group holds a 45 percent interest in **CO2 New Zealand**, with Tukia Group and CEP holding the remaining 55 percent.

Tukia Group is committed to providing **CO2 New Zealand** with approximately 5 million New Zealand Emissions Units (NZUs) by the end of 2010, and access to undeveloped land to support the commercial needs of **CO2 New Zealand**. Tukia Group is land manager of 176,000 hectares of existing forest lands in the Central North Island Region.

**CO2 New Zealand** will trade the NZUs and develop new sustainable carbon forests on behalf of third party investors.

Tukia Group's Chairman, Mr Lennie Johns, said: "*Tukia Group welcomes CO2 Group to New Zealand. We conducted a global search for the best organisations to help us deliver on our carbon strategy. Both our organisations are leaders in our own countries in developing large, long-term commercial reforestation projects.*

*"Our joint aim now, through the newly formed CO2 New Zealand, is to become the premier reforestation company in New Zealand. We are also committed to generating the most efficient long term contracts between buyers and sellers of carbon credits.*

*"The passing of the NZ ETS means that CO2 New Zealand will now be able to generate carbon credits in the form of NZUs and Assigned Amount Units (AAUs). These can be sold in both the NZ and international carbon markets. We will invite investment from our partners and capital markets into carbon projects here in NZ. These*



*projects will be developed on behalf of investors who require significant volumes of carbon credits in order to meet their compliance obligations.*

*"In addition to helping our climate by removing carbon from the atmosphere, these projects will bring many benefits to our landscapes. Some of our land lies bare and idle, while other portions are at risk of erosion. Reforestation can help restore an environmental balance to these lands while also delivering an economic return.*

*"We applaud the Government for holding the line on the Emissions Trading Scheme. Having the ETS on the books creates an opportunity for us to create a significant commercial venture, and attract world class organisations to participate.*

*"Tukia Group invites all New Zealand companies which now require compliance under our ETS to consider the commercial, environmental and local community benefits of CO2 New Zealand's reforestation programs as part of that commitment."*

*CO2 Group CEO, Mr Andrew Grant, said: "This is an important step for CO2 Group; it comes at the end of a long review process by our Company of suitable growth opportunities. Our expansion into New Zealand is well considered and is based on a number of very solid commercial attractions this side of Tasman.*

*"CO2 Group has been especially impressed with the commercial strengths and approach of Tukia Group.*

*"In many ways our organisations are similar: we look forward to working together.*

*"Now as CO2 New Zealand, we jointly look forward to 'creating a better climate' here in New Zealand."*

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