



CO2 Group Limited

ABN 50 009 317 846
Level 11 225 St Georges Terrace
Perth Western Australia 6000
PO Box 7312 Cloisters Square
Perth Western Australia 6850
Phone (08) 9321 4111
Facsimile: (08) 9321 4411
www.co2australia.com.au

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Australian Stock Exchange
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20 Bond Street
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ANNOUNCEMENT 199

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Dear Sir

MEDIA RELEASE

CO2 Group announces up to \$100m landmark carbon offset deal with Woodside

CO2 Group Limited is pleased to announce that the Company's 100% owned subsidiary CO2 Australia Limited has successfully reached agreement with Woodside Burrup Pty Ltd, a subsidiary of Woodside Energy Limited (Woodside) on the key terms of a major carbon offset program. The parties intend to execute a formal agreement by the end of the year.

Under the proposed carbon offset program, CO2 Australia on behalf of Woodside, will establish and manage mallee environmental plantings. This carbon offset program will be established over the next 2 consecutive planting seasons (i.e. 2008 and 2009) with Woodside having an option to undertake additional plantings in the 2010 to 2012 planting seasons. The 2008 planting will take place in New South Wales, with all subsequent plantings in Western Australia.

The plantings will assist in offsetting emissions from Woodside's \$11.2 billion Pluto liquefied natural gas project, currently under construction near Karratha in Western Australia.

The first two consecutive years (2008 and 2009) of the program have an estimated value of approximately \$25m over a 50 year time frame, with the majority of the value being generated in the first 2 years. Should Woodside exercise its option for additional plantings, the value of the carbon offset program increases by approximately \$75m bringing the total value of the carbon offset program to approximately \$100m. The carbon offset program will be subject to a number of regulatory and other specific conditions.

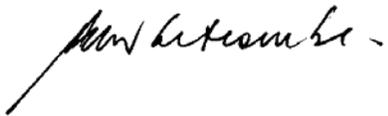


CO2 Australia, on behalf of Woodside, will accredit the mallee environmental plantings under the Federal Government's Greenhouse Friendly™ Program (Program) which ensures that these environmental plantings meet the strict compliance obligations under this Program including additionality, permanence and third party greenhouse gas accounting audit procedures/requirements. CO2 Australia has already successfully gained its accreditation in March 2007 and remains the only carbon sink offset provider accredited under this Federal Government Program.

Woodside have also engaged CO2 Australia to provide a tailored employee offset program by which employees can voluntary offset their personal emissions profile.

CO2 Group's Chief Executive Officer Mr Andrew Grant stated "this carbon offset program with Woodside confirms the scale of the business opportunities in the rapidly emerging Australian carbon market. Our CO2 AUSTRALIA™ Carbon Sequestration Program is well positioned to capitalise on this emerging market as CO2 Australia offers a low cost and highly scaleable accredited solution to major Australian companies, multinationals and governments".

Yours faithfully



Harley Whitcombe
Company Secretary

ENDS

Media: for more information please contact Emily Staniforth, Wilkinson
Media: 0402 349 856

About CO2 Australia:

CO2 Australia Limited (CO2 Australia) creates carbon credits by establishing long-term, commercial-scale mallee Eucalypt plantings. It is the biggest provider of offsets generated by trees in Australia. CO2 Australia is a wholly owned subsidiary of CO2 Group Limited (COZ), a company listed on the ASX.

CO2 Australia was the first forestry company to be accredited under the NSW Greenhouse Gas Abatement Scheme, and is also the first forestry company to be accredited under the Federal Government's Greenhouse Friendly™ Program.

