

30 July 2010

Company Announcements Office
Australian Securities Exchange
10th Floor
20 Bond Street
SYDNEY NSW 2000

ANNOUNCEMENT NUMBER 92

Via: ASX Online

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ASX Code: CCF

Dear Sir,

ASX Announcement No 92 – Quarterly Report for the Period ending 30 June 2010 (Appendix 4C)

Please find attached the Quarterly Report for the activities of Carbon Conscious Limited for the period ending 30 June 2010 as required under ASX Listing Rule 4.7B.

Yours faithfully



Peter Balsarini
CEO & Executive Director
Carbon Conscious

encl.

CARBON CONSCIOUS LIMITED QUARTERLY REPORT – PERIOD ENDING 30 JUNE 2010

1. COMPANY OVERVIEW

Carbon Conscious Limited (ASX: CCF) is an Australian company producing carbon credits through carbon farming – the planting of Mallee Eucalypt trees in Australia’s wheatbelt region.

This is achieved through the Carbon Capture Program™ and involves partnering with landholders, carbon emitters and businesses under a form of carbon share farming to deliver benefits for each stakeholder.

These benefits include an offset of carbon emissions for businesses and significant environmental benefits to farmers and landholders through the reduction of the effects of salinity on their land.

Carbon Conscious combines its extensive experience in the Mallee Eucalypt, Agricultural and Funds Management industries to deliver these benefits.

We are a leading supplier of carbon credits to the ever expanding national and international markets. We strive to be the company of choice for carbon emitters and businesses looking for quality and certainty of carbon credit supply in sufficient commercial volumes.

2. QUARTERLY UPDATE

2.1 CPRS Update / Political Update

- On 24 June 2010, the ALP replaced the then Prime Minister Kevin Rudd with Julia Gillard.
- The ALP decision to change the Prime Minister was as a result of the perceived lack of popularity of Kevin Rudd and the forthcoming Federal election. Political commentators agreed that Kevin Rudd’s decision to abandon the CPRS was a major contributor to this unpopularity.
- The new Prime Minister Julia Gillard in her initial press conference confirmed that the ALP policy on climate change was to be addressed prior to the election. She re-confirmed a belief in man made climate change and the need to introduce a price on carbon as the most effective means of addressing Australia’s internationally commitments on carbon reduction targets.
- On 17 July 2010, Prime Minister Julia Gillard announced the date for the 2010 Federal election to be held on 21 August 2010. Since this time the Prime Minister has announced a series of climate

change related policy announcements including:

- additional standards for coal fire powered stations;
 - a rebate on older motor vehicles when replaced with “clean technology” cars; and
 - a commitment to build “community consensus” on the need for carbon pricing through the development of a citizens forum.
- The Coalition opposition continues to campaign on a platform of direct action measures designed to meet Australia’s 2020 commitment of 5% reduction in carbon output. The Coalition have allocated an amount of \$3.2 billion over the forward estimates to purchase lowest cost abatement from providers in a government tender process.
 - The ALP and Greens have announced a preference sharing deal between the parties. There has been no announcement from either party on policy “strings” attached to this preference deal arrangement.

- General consensus would have the Greens holding the balance of power in the new Senate after the election which would be a positive outcome in terms of CPRS and/or carbon pricing. As the Senate operates on fixed year terms, the new Senate will not sit until July 2011.
- At the time of writing, the Federal election campaign is in full swing and predicting outcomes is difficult. There remains a strong possibility that the Labor Party will provide further climate change commitments closer to the finalisation of the election campaign.

3. CORPORATE UPDATE

3.1 Rights Issue / Convertible Notes

- On 20 May 2010, the Company issued to its shareholders a 1 for 2 rights issue priced at \$0.10 per share. Full subscription to the rights issue would have raised \$1.867 million.
- Concurrently, the Company announced the issue of 20 convertible notes each with a face value of \$100,000. The Convertible Notes have a coupon interest rate of 12% paid quarterly, a funding term of 13 months with an exercise option price of the lesser of 10% discount to the market price of the stock or \$0.15, whichever is lower.
- The Company drew down on 10 of these convertible notes (total value \$1 million) while the balance of the notes remains undrawn.
- On 15 June 2010, the Company announced the rights issue raising has raised an amount of approximately \$230,000. Pursuant to the rights issue document, the shortfall of approximately \$1.6 million may be placed on similar terms and conditions by the directors to suitable parties for a period up to 3 months from the closing date.

- On 19 July 2010, the Company announced the placement of 5 million shares (total raise of \$500,000).
- On 19 July 2010, the Company also announced the issue of an additional 5 convertible notes with a coupon interest rate of 11%, a funding period of 12 months and with an exercise option price of the lesser of 10% discount to the market price of the stock or \$0.10, whichever is lower.

3.2 Cash Position

- Cash reserves at the end of the June quarter were \$0.272 million.
- In the quarter completed, the Company spent \$1.648 million in land acquisition. The land acquisition activity is part of meeting contractual arrangements with company clients.
- The Company received a large outstanding payment from a client in early July (circa \$1 million).
- The Company has raised an additional \$1 million in July 2010 in equity and debt as noted above.
- The Company continues to hold undrawn convertible notes with a combined face value of \$1 million.

3.3 Director Changes

- In July 2010, Non-executive Directors Mike Shields and Andrew McBain announced their resignations from the board of Carbon Conscious Limited.
- In announcing his resignation Mr McBain noted:

"I am very proud of the Carbon Conscious business and the success that the Company has achieved in its short existence. Carbon Conscious listed in May 2008 during the global financial crisis and despite those conditions and the lack of regulatory certainty in relation to putting a price on carbon, Carbon Conscious has achieved the majority of its objectives as set out by management, including successful and

significant carbon sequestration deals with Origin Energy and BP. The management team at Carbon Conscious is excellent and I believe the shareholders are in good hands. I will continue to remain an active supporter of the Carbon Conscious team and the business model.”

- The Company appointed Mr Trevor Stoney as a Non-executive Director of the Company to replace Mr Shields and Mr McBain. Mr Stoney has been farming since 1962 in both Victoria and Western Australia, and brings to Carbon Conscious extensive experience from a wide range of farming locations and enterprises.
- The Carbon Conscious board now consists of Mr Steven Lowe (Chairman), Mr Nadaisan Logaraj (Non-executive Director), Mr Trevor Stoney (Non-executive Director) and Mr Peter Balsarini (Chief Executive Officer).

3.4 Plantation Estates

2010 Estate

- The 2010 planting program commenced in early May 2010.
- A late season rain break in some planting areas resulted in some delay to the progress of the planting operations. However wide spread rains in early July have now resulted with full progression of planting.
- Carbon Conscious has been pleased with the quality and standard of the seedlings supplied through the contract nursery and vindicates the Company’s decision to offer training and assistance to the nursery operators in the seedling production process.
- At the time of writing, Carbon Conscious has 3 planting teams of up to 8 people working in various locations to complete planting. All teams are utilising Carbon Conscious’ internally developed 2-row planting machines technology which is

planting in the order of 100 hectares or 100,000 trees on a daily basis.

- CCF expects its 6 million tree planting program for 2010 to be completed in late August 2010.

3.5 New Business Opportunities – Regulated

- Carbon Conscious is continuing discussions with organisations likely to have carbon liabilities under the CPRS.
- Opportunities exist with clients who have commitments under other legislative regimes to offset carbon liability.

3.6 New Business Opportunities – Voluntary

- Focus and innovative product development has seen an increase in activity in the voluntary market in the final quarter of financial year 2010.
- The Australian voluntary carbon market remains fragmented and disjointed mainly due to government inaction in developing clearly defined requirements for suppliers and clients to work with.
- Carbon Conscious continues to develop a strong market presence and reputation as an innovative product provider.

4. INTERNATIONAL CARBON MARKET UPDATE

4.1 US Developments

- The Democrats hope to pass legislation that would curb emissions of carbon dioxide and other gases that scientists say contribute to rising global temperatures.
- US scientists have said that this year has been the hottest on record across the world.

- China, which led a bloc of developing-world countries opposed to mandatory carbon limits, might impose more pollution controls on its economy than the United States.
- China, the world's biggest greenhouse gas emitter, plans to launch a carbon trading market during the next five years to boost energy efficiency, according to the China Daily newspaper.
- US President Obama has pushed the US Environmental Protection Agency (EPA) to take unilateral action if Congress fails to pass a bill. The EPA has begun issuing rules to cut emissions from cars and requiring power plants to have permits to emit carbon dioxide.
- Senator Lieberman said the Senate could take up their bill in September 2010. *"I think there's going to be a lot of interest in doing something broader when it comes to energy independence than just oil spill"* he said.
- Senator Kerry was upbeat that a climate bill with carbon caps would eventually be passed.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

CARBON CONSCIOUS LIMITED

ABN

20 129 035 221

Quarter ended ("current quarter")

30 June 2010

Consolidated statement of cash flows

Cash flows related to operating activities

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	672	5,506
1.2 Payments for		
(a) staff costs	(309)	(1,154)
(b) advertising and marketing	(38)	(295)
(c) research and development	0	0
(d) leased assets	0	0
(e) other working capital	(314)	(787)
(f) cost of sales	(563)	(3,000)
(g) other - carbon rights	(336)	(518)
(h) other - inventories for 2009 plantings	0	0
(i) other - deposits for 2010 plantings	(0)	(0)
1.3 Dividends received	0	0
1.4 Interest and other items of a similar nature received	8	82
1.5 Interest and other costs of finance paid	(1)	(9)
1.6 Income taxes paid	0	0

+ See chapter 19 for defined terms.

Quarterly report for entities

admitted on the basis of commitments

	52	55
	(829)	(120)
	Current quarter \$A'000	Year to date (6 months) \$A'000
1.7 Other (R & D tax refund)		
Net operating cash flows		
1.8 Net operating cash flows (carried forward)	(829)	(120)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	0	0
(b) equity investments	0	(50)
(c) intellectual property	0	0
(d) physical non-current assets (land)	(1,648)	(3,723)
(e) other non-current assets	0	0
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	0	0
(b) equity investments	0	0
(c) intellectual property	0	0
(d) physical non-current assets	0	27
(e) other non-current assets	0	0
1.11 Loans to other entities	0	0
1.12 Loans repaid by other entities	0	0
1.13 Other (provide details if material)	0	0
Net investing cash flows	(1,648)	(3,746)
1.14 Total operating and investing cash flows	(2,477)	(3,866)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	241	241
1.16 Proceeds from sale of forfeited shares	0	0
1.17 Proceeds from borrowings / hire purchase	1,000	1,072
1.18 Repayment of borrowings	(6)	(18)
1.19 Dividends paid	0	0
1.20 Costs associated with Capital Raising	(11)	(11)
Net financing cash flows	1,224	1,284
Net increase (decrease) in cash held	(1,253)	(2,582)
1.21 Cash at beginning of quarter/year to date	1,525	2,854
1.22 Exchange rate adjustments to item 1.20	0	0
1.23 Cash at end of quarter	272	272

+ See chapter 19 for defined terms.

**Quarterly report for entities
admitted on the basis of commitments**

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	65
1.25	Aggregate amount of loans to the parties included in item 1.11	0

1.26 Explanation necessary for an understanding of the transactions

.On 20 May 2010, the Company issued a 1 for 2 rights issue to shareholders at a price of \$0.10 per share which raised \$0.272 million closing on 15 June 2010. Under the terms of the rights issue, directors have the right to place the shortfall with other parties for a period up to three months from the closing date. On 19 July 2010 the Directors placed an additional 5 million shares (raising \$500,000).

Client payments are on a progress basis with significant payment(s) (circa \$1 million) received in July 2010.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	1,000	1,000
3.2 Credit standby arrangements	1,000	1,000

As announced to the market on 20 May 2010, the Company issued 20 convertible notes with a combined face value of \$2 million. As at 30 June 2010 notes have been drawn upon (total \$1 million as noted in 3.1) while an additional ten notes (total \$1 million as noted in 3.2) remain on call.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	272	275
4.2 Deposits at call	0	1,250
4.3 Bank overdraft	0	0
4.4 Other (provide details)	0	0
Total: cash at end of quarter (item 1.23)	272	1,525

+ See chapter 19 for defined terms.

Quarterly report for entities

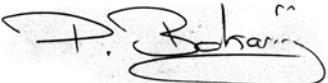
admitted on the basis of commitments

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Nil	Nil
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 30 July 2010

(Director)

Print name: Peter Balsarini

+ See chapter 19 for defined terms.