



**carbonconscious**

e [info@carbonconscious.com.au](mailto:info@carbonconscious.com.au)

p +61 8 9286 5999

www.[carbonconscious.com.au](http://carbonconscious.com.au)

f +61 8 9286 5918 PO Box 1338 Subiaco WA 6904

Level 1, 1 Outridge Crescent Subiaco WA 6008

31 July 2009

Company Announcements Office  
Australian Securities Exchange  
10<sup>th</sup> Floor  
20 Bond Street  
SYDNEY NSW 2000

**ANNOUNCEMENT NUMBER 46**

**Via: ASX Online**

**Number of Pages: 12** (including this page)

**ASX Code: CCF**

Dear Sir,

**ASX Announcement No 46 – Quarterly Report and Appendix 4C Report for the Period ending 30 June 2009**

Please find attached the Quarterly Report and Appendix 4C Report for the activities of Carbon Conscious Limited for the period ending 30 June 2009 as required under ASX Listing Rule 4.7B.

Yours sincerely

**Carbon Conscious Limited**

**Geraldine Holland**  
Company Secretary

encl.



---

## CARBON CONSCIOUS LIMITED QUARTERLY REPORT – PERIOD ENDING 30 JUNE 2009

### 1. COMPANY OVERVIEW

Carbon Conscious Limited (ASX-CCF) is an Australian company producing carbon credits through carbon farming<sup>1</sup> - 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.

Our objective is to be 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. HIGHLIGHTS FOR THE QUARTER

- **Carbon Conscious and Origin Energy agree the largest bio sequestration deal in Australia history.** On July 16 2009, Carbon Conscious Limited and Origin Energy Limited (ASX code: ORG) announced the signing of contracts for what is believed to be the largest carbon bio sequestration project in Australia to date, if fully exercised.
- The contract involves Origin paying Carbon Conscious to plant millions of native Mallee Eucalypt trees on less viable agricultural land in the wheatbelt regions of Australia for the production of Carbon Permits tradable under the Commonwealth Government's Carbon Pollution Reduction Scheme ("CPRS").
- Origin has engaged Carbon Conscious to establish environmental carbon offset plantings over the first 3 seasons (2009, 2010 and 2011).
- These plantings will have a face value of approximately \$26 million and comprise both upfront planting and ongoing licence and management fees payable over the 15-year term of the arrangement.
- In addition, Carbon Conscious will provide options for Origin to take up further environmental plantings between 2010 and 2014.
- The face value of these additional plantings is up to \$143 million and would be paid in a combination of upfront planting and ongoing licence and management fees.
- If the options are exercised by Origin in full, the deal would represent what the parties believe will be the largest carbon forest sink development program in Australia to date with a value of up to \$169 million to be paid over the 15-year life of the project.



- This deal is the culmination of rigorous negotiation and due diligence and confirms the ASX announcement Carbon Conscious made on 7 May 2009 regarding the conclusion of commercial terms with a top 50 ASX Company.
- Although significant in its scale from an industry perspective, the deal represents a minor percentage of the Carbon Conscious planting capacity over the contract term and is expected to provide the platform for a significant ramp up of operations and new investment.
- Carbon Conscious is extremely pleased to be working with an organisation with the reputation of Origin Energy. The process vindicates the Carbon Conscious business model and provides the Company with immediate and significant cash flow and a platform for continued growth.
- For the legislation to pass in the Senate, both the Greens and the two independent Senators must side with the Government. This seems unlikely given comments from independent senator Steven Fielding. Alternatively, the Liberal Opposition would need to vote with the Government.
- If the Bill is defeated, the Government intends to reintroduce the Bill into Parliament in November 2009.
- By reintroducing the Bill in November 2009, the Government sets up the possibility of a double dissolution trigger if the Bill is defeated again. The trigger allows the Government to call on an early election. Many commentators are of the opinion that an early election would be favourable for the Government but not for the Opposition.
- The Coalition opposed the Emissions Trading Scheme (“ETS”) in the House of Representatives and its current position is to oppose the legislation in the Senate.

## 2.1 CPRS Update

- Debate continues on the proposed CPRS legislation in the Federal Parliament.
- The Federal House of Representatives voted upon and passed the Carbon Pollution Reduction Scheme Bill on 4 June 2009.
- The Senate decided on 25 June 2009 that a vote on the package of bills setting up the Government's CPRS will take place on 13 August 2009.
- On 13 August 2009, the Senate will be required to keep sitting until the legislation is passed, amended, rejected or further deferred.
- In recent days, Opposition Leader Malcolm Turnbull has taken a more conciliatory approach to the emissions trading legislation. He has indicated that the Opposition would be prepared to pass the legislation if a number of amendments to the legislation are made.
- Despite these comments, the Opposition position seems clouded due to comments emanating from the back benches of the Liberal Party and the National Party.
- The ETS is due to start in 2011 and will put a price on greenhouse pollution.
- It is the main way Australia hopes to reduce greenhouse gas emissions.



## 2.2 Re-appointment of Mr Mike Shields as Non Executive Director

- Effective 25 June 2009, Mr Mike Shields was appointed to the position of non-executive director of Carbon Conscious.
- Mr Shields has previously served as an inaugural Director of Carbon Conscious but retired from this position in November 2008 due to personal reasons.
- Mr Shields is a well respected businessman in WA with significant farming and agricultural expertise and is very familiar with the operations of Carbon Conscious having previously served on the Board.

## 3. CORPORATE UPDATE

### 3.1 Cash Position

- Cash reserves at the end of the June quarter were \$2.85M.

### 3.2 Plantation Estates

#### 3.2.1 2008 Estate

- The initial planting of 100,000 seedlings at Bonnie Rock in 2008 continues to show rapid growth.
- Good winter rains will hold them in good stead for the upcoming warmer months.

#### 3.2.2 2009 Estate

- Good rains in May and June of 2009 have resulted in ideal planting conditions for the 2009 planting program.
- The 2009 program is for approximately 1.3m trees spread across a number of sites. The planting program is well progressed with planting due to be completed by the end of August 2009.

- The development of new planting equipment in the form of a four row planting machine has been thoroughly tested and is proving very successful.

### 3.3 New Business Opportunities – Regulated

- After the recent announcement with Origin Energy, Carbon Conscious has continued discussions with a significant number of organisations likely to have a liability under the CPRS set to be launched in 2011.
- As expected, the announcement has generated significant attention from potential clients in the bio-sequestration space.
- Early movers are expected to benefit significantly due to the limited supply of forestry generated permits.

### 3.4 New Business Opportunities – Voluntary

- Carbon Conscious is continuing to develop additional opportunities within the voluntary retail carbon market by forming strategic partnerships with relevant established brands throughout Australia.
- A number of opportunities are in the final stages of negotiation.

### 3.5 Industry Events

- Carbon Conscious will be exhibiting at the 5<sup>th</sup> Australian-New Zealand Climate Change & Business Conference in Melbourne at the Melbourne Convention & Exhibition Centre, 24-26 August 2009.
- Carbon Conscious will be represented in a speaking capacity at the event. Peter Balsarini, CEO of Carbon Conscious will chair the Land Management session on Wednesday 26 August 2009.



- On 26-28 October 2009, Carbon Conscious will exhibit at the Carbon Market Expo Australasia in Queensland.
- Carbon Conscious will exhibit at the Dowerin Field Days on 26-27 August 2009. The Company will be represented in a speaking capacity at the 'Hot Topics' session hosted by The Kondinin Group on Wednesday 26 August at 3pm in the LJ Metcalf Pavilion.
- Carbon Conscious will also exhibit at the Mingenew Field Days on Thursday 17 and Friday 18 September 2009.
- The Perth 2011 ISAF Sailing World Championships will be the primary qualifying event for the 2012 London Olympic Games for the 10 competing sailing disciplines.
- Carbon Conscious is the official carbon offset partner for the many lead up and main event to be held in Fremantle, WA.
- The partnership is expected to deliver a number of branding and revenue based opportunities.

#### **Australian Masters Sales Summit 2009 (AMSS09)**

### **3.6 PR & Promotion**

- In light of the recent announcement involving Origin Energy Carbon Conscious had the following coverage:
  - Over 35 stories published in on-line media. Publications included the AFR, SMH, The Australian, The West Australian, Business Spectator, Trading Room and many more.
  - Over 20 long copy printed articles in papers such as AFR, SMH, The Australian, Canberra Times, The Herald Sun, The Age, The West Australian, the Farm Weekly and many more.
  - Multiple radio interviews on the ABC and 6PR Perth.
  - Television coverage on Sky News and Golden West Network news.
- Carbon Conscious is the official AMSS09 carbon offset partner and trees planted as part of the event program will go towards offsetting the conference's emissions.
- AMSS09 have lightened their carbon footprint and with every ticket sold at the event, Carbon Conscious will plant a Mallee Eucalypt tree in the Australian wheatbelt.

#### **Dowerin Machinery Field Days 2009**

- Carbon Conscious has continued its partnership with the Dowerin Field Days.
- The partnership will continue to foster relationships with the farming community of Western Australia.

#### **Perth Fashion Festival**

- Carbon Conscious is the official carbon offset partner for the 2009 Perth Fashion Festival.
- Perth Fashion Festival have partnered with Carbon Conscious to support the "Green is the New Pink" initiative.
- Through this collaboration, Carbon Conscious will offset the expected carbon emissions for the event to reduce its impact on the environment.

#### **Some of the partnerships established in the last quarter included:**

##### **Perth 2011**

- In late July 2009, Carbon Conscious announced a partnership with Perth 2011.



#### 4. INTERNATIONAL CARBON MARKET UPDATE<sup>1</sup>

- Although the planet's biggest emitters failed to agree on targets or funding to cut global greenhouse gas emissions, leaders of the world's most powerful nations and fastest growing economies boasted that some progress was made in Italy recently at the Major Economies Forum (MEF), held on the sidelines of the G8 summit.
- Major emitters such as Brazil, China, India and South Africa agreed that global temperatures should not rise above 2°C, the threshold that scientists say is crucial to avoid a runaway climate change.
- The G8 industrialised nations said they would undertake to cut emissions of climate-changing gases 80 per cent by 2050 from an unspecified base year.
- But developing countries, namely China and India, stopped short of agreeing to set targets to advance the desired goal of reducing global emissions by 50 per cent by 2050.
- They are seeking more ambitious cuts from rich nations in the near term before signing up to a mid-century target, and want them to fund cleaner technologies and the costs of adapting to climate change.
- In the run-up to UN climate talks in Copenhagen in December, poorer but fast-growing countries will negotiate concrete goals to reduce their emissions by 2050.
- A draft of what was agreed to at the MEF said progress toward the global

goal would be reviewed on a regular basis.

- The failure to agree on a 2050 target has doused hopes of a breakthrough before December's UN climate talks in Copenhagen.

##### 4.1 New Zealand Developments

- New Zealand's growing carbon emissions makes setting a reduction target for 2020 a tough task, the NZ government has said, while it sees a trading scheme as the best means of fighting climate change.
- Data showing New Zealand's total emissions increased 24 per cent from 1990 to 2008, has highlighted the scope of the challenge in setting a target for 2020, Climate Change Minister Nick Smith said.
- The NZ government has pledged to set a 2020 emissions target by the beginning of an 10-14 August 2009 UN climate change meeting in Bonn, part of a number of negotiating sessions aimed at trying to agree on a broader pact to replace the Kyoto Protocol.
- Those negotiations are scheduled to reach a conclusion during a major UN conference in December 2009 in Copenhagen and developed nations are under pressure to commit to deep 2020 emissions cuts as part of any new climate agreement.
- The NZ government has just completed a series of meetings with the public and businesses, with the main message that climate change is a pressing issue.
- The NZ government is also reviewing the country's emissions trading laws, with a parliamentary committee expected to release its report within a few weeks.

---

<sup>1</sup> Source: PointCarbon News Vol 4 • Issue 26 • 10 July 2009



#### 4.2 US Developments<sup>2</sup>

- On 26 June 2009, the House of Representatives passed a bill for a national cap and trade carbon emission trading scheme.
- The cap and trade scheme refers to a goal of cutting carbon emission by 17 per cent by 2020 and 83 per cent by 2050 on 2005 levels.
- If the bill succeeds in passing the US Senate it will show US leadership on climate change mitigation. Many believe this will be a catalyst for China to follow.
- Other features include bonuses for renewable energy generators and incentives for the development of carbon capture and storage technology.

---

<sup>2</sup>Source [www.wsws.org](http://www.wsws.org)- US House passes Obama administration's carbon trading legislation.

# 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 2009**

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	1	7
1.2 Payments for(a) staff costs	(398)	(1,182)
(b) advertising and marketing	(58)	(188)
(c) research and development	0	0
(d) leased assets	0	0
(e) other working capital	(317)	(1,296)
(f) prepayment of service fees	-	(309)
(g) deposits paid on plantation seedlings	(208)	(438)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	29	266
1.5 Interest and other costs of finance paid	0	0
1.6 Income taxes paid	0	0
1.7 Other (provide details if material)	0	0
<b>Net operating cash flows</b>	<b>(951)</b>	<b>(3,140)</b>

+ See chapter 19 for defined terms.

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

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	<b>(951)</b>	<b>(3,140)</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:	0	0
(a) businesses (item 5)	0	0
(b) equity investments	0	0
(c) intellectual property	0	0
(d) physical non-current assets	(443)	(677)
(e) other non-current assets	0	0
1.10 Proceeds from disposal of:	0	0
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
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
<b>Net investing cash flows</b>	<b>(443)</b>	<b>(677)</b>
1.14 <b>Total operating and investing cash flows</b>	<b>(1,394)</b>	<b>(3,817)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.		
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings / hire purchase	0	30
1.18 Repayment of borrowings	(3)	(8)
1.19 Dividends paid		
1.20 Other – costs related to IPO		
<b>Net financing cash flows</b>	<b>(3)</b>	<b>22</b>
<b>Net increase (decrease) in cash held</b>	<b>(1,397)</b>	<b>(3,795)</b>
1.21 Cash at beginning of quarter/year to date	4,251	6,649
1.22 Exchange rate adjustments to item 1.20		
1.23 <b>Cash at end of quarter</b>	<b>2,854</b>	<b>2,854</b>

+ 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	130
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

**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.

## Quarterly report for entities

admitted on the basis of commitments

**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	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

**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	79	226
4.2 Deposits at call	2,775	4,025
4.3 Bank overdraft	0	0
4.4 Other (provide details)	0	0
<b>Total: cash at end of quarter</b> (item 1.23)	2,854	4,251

**Acquisitions and disposals of business entities**

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
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		

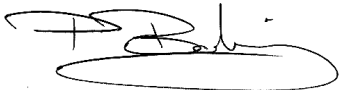
+ See chapter 19 for defined terms.

Quarterly report for entities  
admitted on the basis of commitments

---

**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: 31 July 2009  
(Director/Chief Operating Officer)

Print name: Peter Balsarini .....

---

+ See chapter 19 for defined terms.