

Carbon Harvesting Corporation Limited

Media Statement

12th August 2010

In recent months Carbon Harvesting Corporation has received unsolicited criticism, unfounded and unsupported allegations lodged from various parties comprising of Developed Nations Governmental Agencies, Academic Institutions & Non Governmental Organisations, all of whom have apparent and clear vested interests.

Carbon Harvesting Corporation in this statement will document its global corporate position and bring to public attention, the difficulties it has experienced and clarify the incorrect points as previously published.

Summary

Carbon Harvesting Corporation and its Directors are proud to be associated with the Liberian Authorities and relish the opportunity to continue to work with Liberia in this ground breaking public / private sector virtual carbon initiative.

One of Liberia's business success stories despite its troubled past is shipping registration. The Liberian Registry is the second largest in the world including nearly 2,600 ships of over 80 million tonnes, which is 10 percent of the world's ocean going fleet.

According to the US Maritime Administration, Liberian flagged vessels carry more than one-third of the oil imported into the US. The corporate registry is managed from Vienna, Virginia and Zurich.

To deliver carbon trading accurately and effectively an accounting registry has to be kept of all carbon credits harvested and sold. It is Carbon Harvesting's opinion that the first organisation to trade carbon credits from an African Country will be inundated with interest on how this new carbon revenue source has been created and achieved.

Liberia if it commences to trade carbon early by not waiting for REDD, will obtain first mover advantage and position itself to act for all the other African nations with rainforest. In reality Liberia could become the global registry for carbon credits administered by Carbon Harvesting Corporation.

It is within this global context that the allegations and accusations against Carbon Harvesting Corporation should be considered.

The Directors of Carbon Harvesting Corporation understand that its single source status is 'live' and hopes to be invited back as soon as practicable to conclude discussions and negotiations for the first African carbon contract.

Carbon Harvesting Corporation remains committed to working with Liberia to achieve all our common aims and objectives.

Our principles

Land and forest areas provide essential services to the global community including not least the absorption of greenhouse gasses and the release of oxygen back into the atmosphere. These vital eco-system services are taken for granted by the majority of individuals, businesses and governments. It is only through our understanding of the factors that cause climate change that we can address the problem and seek to correct past behaviours & conserve the global resources we have.

Recognizing the essential contribution that equatorial land and forest areas make to stabilising our eco-system is a critical step in protecting our future. The fact that the value of our natural resources can be finally unlocked is no longer in question. It is a matter of when and how it can be delivered correctly and fairly. By rewarding landowners and stakeholders of forestry land for the Carbon Rights to their untapped supply source we can value this precious commodity and take those essential steps towards fighting climate change.

Carbon Harvesting Corporation's vision is to deliver a direct bridge between the rightful stakeholders of rainforests and the capital markets that are being established to address climate change and preserve our planet's natural biodiversity.

- To provide a private sector solution for the virtual harvesting, marketing and sale of carbon crops sourced from all around the world but primarily virgin equatorial rainforest.
- To ensure that the revenue received from the sale of harvested carbon is channelled correctly in the most efficient and direct manner.
- To actively assist in the education of individuals & businesses to first reduce carbon emissions and then to achieve carbon neutrality through the purchase of carbon credits.
- To be unique, innovative and forward thinking in all aspects of our carbon trading and distribution of revenues.
- To be environmentally friendly in all our business interactions and when compromised between commercial market forces and an environmental, social & ecological impact; the global environmental perspective will prevail.
- To generate sufficient revenues & profits to ensure long term sustainability of its environmental objectives and strategies.

Our Solutions

Part of our solution is based upon a transactional mechanism that directly links each Carbon Unit with a specific rainforest plot, thus allowing forest carbon to take on a new life as a currency of conservation and preservation – The Environmental Carbon Unit or ECU. This unique currency creates a transparent and auditable system that underpins transactions and becomes the missing link establishing forest crops as fully fledged financial instruments of preservation and conservation.

Another key part of our solution lies within our project management expertise and commitment to best practice while working with emerging standards and markets, now applied in the run up to a successor of the Kyoto protocol due in 2012.

Such a direct and tangible proposition will not only reset consumer/s and businesses expectations of carbon offsetting but more importantly position the brands and businesses that they, the consumer, selects.

It is also a proposition that has enormous appeal across the business spectrum from SMEs to corporates. As carbon quotas begin to bite in 'cap & trade' legislation and with the likely adoption of a forest conservation scheme post 2012 it is possible that the failure of the biggest polluters to address their sins may now be saved by the new rainforest carbon economy.

The Carbon Harvesting Corporation website allows visitors to understand the global carbon problem & calculate their personal impact on the planet, understand what changes to make to reduce the climate change impact & to offset the remainder to achieve carbon neutrality.

As a company we are bound by ethical principles and believe in the vision, that private enterprise can be utilised to save the planet's most valuable remaining resource before it's too late.

Our obligations go beyond the rainforest & the natural environment and can include essential health programmes for the indigenous forest dwellers that are dependent upon the forest for shelter and survival.

Sources of rainforest for carbon credits

Early in the life of the company we commenced by discussing and assisting wherever possible the Government of Liberia in respect of harvesting and selling virtual carbon credits from the Guinea Rainforest. In 2008 to assist the Government of Liberia further and in particular the Forestry Development Authority (FDA) we sponsored a survey carried out by the FDA entitled 'Exploration of the Carbon Sequestration Potential of Selected Forests in River Cess County Liberia'. This report was prepared in July 2008.

Discussions with the FDA in Liberia culminated in Carbon Harvesting Corporation being awarded single source status as agent for 400,000 hectares of Liberian rainforest on the 15th December 2009.

On the 16th December 2009 the Managing Director of the FDA Mr John T Woods invited Carbon Harvesting Corporation's return to Liberia to negotiate the terms and conditions of a carbon contract.

On the 20th January 2010 being well on course with the negotiations, the whole negotiation process was referred for completion to the Inter-Ministerial Concessions Committed (IMCC). At the date of publication Carbon Harvesting Corporation and its Directors await an invitation from the IMCC to again visit Liberia to complete the negotiation process.

Carbon Harvesting Corporation at the date of this report has not traded in nor committed to supply any carbon credits from any source.

Carbon Credits from Rainforest – Market Influences

The anticipated emerging carbon credits market from the rainforest is being organized and controlled by a number of factors:

An article in The Times (London) dated December 9, 2009 highlighted that:

'The United Nations estimates that the fight against climate change may cost about \$300 billion (£184 billion) a year in the long term, and the Danish text appeared to hand over responsibility to the World Bank. Developing nations have called for a global climate fund.'

The UN-REDD Programme is the United Nations Collaborative initiative on Reducing Emissions from Deforestation and Degradation (REDD) in developing countries. The Programme launched in September 2008 to assist developing countries prepare and implement national REDD+ strategies and builds on the convening power and expertise of the Food and Agriculture Organization of the United Nations (FAO), the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP).

REDD on their website highlight *'It is predicted that financial flows for greenhouse gas emission reductions from REDD+ could reach up to US\$30 billion a year.'*

For a number of reasons comprising, the size of this emerging market, the Developed Nations Governmental and Non Governmental Agencies (NGO's) not only wanting to be involved but also controlling the African market(s) and coupled with the simple fact REDD is not fully ready until post 2012 has forced parties with vested interests to attack Carbon Harvesting Corporation. Carbon Harvesting Corporation is available to trade now, which goes along way to explaining the difficulties and problems incurred by the company none of which are in the normal course of commerce and trading.

Carbon Harvesting Corporation discussions & negotiations with the Government of Liberia in relation to a carbon contract were documented and commented upon in the United Nations Panel of Experts report on Liberia in June 2009. This report highlighted a number of criticisms of Carbon Harvesting Corporation and in particular highlighted a statement from The Governance and Economic Management Assistance Programme (GEMAP) controller that a field study was fraudulent. None of the organisations or indeed any of the Panel of Experts deemed it necessary to contact Carbon Harvesting Corporation for clarification, information and/or rebuttal of allegations made. Carbon Harvesting Corporation's mention in this report was only brought to their attention in April 2010 and immediately on inspecting the fraudulent field study, the company was able to prove categorically it had NOT emanated from Carbon Harvesting Corporation. It was alleged to be Carbon Harvesting Corporation's document to disparage the company to the Forestry Development Authority (FDA).

We continue to attract interest and considerable criticism from various lobbyist bodies and non-governmental organisations that have immediate and long term vested interests in this exciting and emerging market. With our intention clear from the outset, it is with considerable accomplishment that Carbon Harvesting Corporation's vision is gaining the momentum and the recognition warranted in this globally responsible age.

Anti Competitive Market Pressures

An Options Assessment Report' prepared for The Government of Norway by the Meridian Institute dated March 2009 highlights a number of facts about REDD's readiness. The report authors are recognised as the pre-eminent, renowned experts in their field.

This report refers to REDD and carbon markets and states: *'None of the solutions is perfect and all walk a fine line between sound market regulation and stifling markets altogether. A combination of various mechanisms will likely yield the most promising results.'* Carbon Harvesting Corporation adheres to this principle that various mechanisms will yield the best result including public, charitable, NGO and private sector solutions.

However even at this critical early stage of the emerging market, Carbon Harvesting Corporation has experienced illegal barriers to entry with clear anti competitive actions aimed against its business, its business practices and the interests of its directors.

The Directors of Carbon Harvesting Corporation are committed to entering and participating fully in this exciting new global opportunity and will robustly challenge all parties who seek to illegally stifle these new markets and seek to benefit from their unlawful actions.

Allegations against Carbon Harvesting Corporation and its Directors

The anti competitive market pressures employed against Carbon Harvesting Corporation and its Directors have highlighted spurious, nefarious and wrong allegations against the company.

These allegations have culminated in the President of Liberia, Ellen Johnson Sirleaf launching an investigation into the carbon contract negotiations between appointed Officials of the Government of Liberia and Carbon Harvesting Corporation. The Directors of Carbon Harvesting Corporation are fully committed to assisting the Investigation Committee wherever possible.

A number of press articles have been published which refer to the various unsupported allegations e.g.

'Under the contract, if Liberia's forests had failed to deliver the full estimated number of carbon credits, based upon a minimum target price of around \$13.5 per tonne of CO₂, it could have been liable to make up the difference to a maximum of \$2.2 bn. The West African country, which is recovering from decades of civil war, had an estimated GDP last year of \$1.6 bn, according to the IMF.'

Source The Guardian Friday 23 July 2010

The contract referred to in the Guardian article is assumed to be the 2010 draft contract for discussion tabled in January 2010 at meetings held in Monrovia with the Forestry Development Authority, Environmental Protection Agency and the Ministry of Finance. The draft contract tabled was based on a standard International Emissions Trading Association (IETA) contract suitably tailored to be between a Principal (Government of Liberia) & Agent and did not commit Liberia to the liabilities stated.

The Intergovernmental Panel on Climate Change (IPCC) indices from the 2006 National Guidelines for Greenhouse Inventories publish the average African Rainforest carbon content as 52 tonnes of CO₂ being estimated as stored in each hectare of rainforest.

Recent early market sales reflect the current competitive market price for CO2 to be \$7 per tonne. *See article World Green Exchange to sell Brazilian REDD credits published 19 May 2010 'Credits from a reducing deforestation (Redd) project in Peru sold earlier this month at \$7/tonne.*

If this is the current market price then Liberia is currently losing 'worst case' potential gross income per annum of \$145 million or nearly 10% of last years Liberian GDP, as stated by the IMF. This equates to \$398,000 for every day that Liberia is delayed in commencing carbon trading.

If REDD is not ready until post 2012 then Liberia will potentially lose in excess of \$290 million in revenues. These figures for Liberian carbon stocks are the most conservative available from the IPCC and if the Liberian rainforest is richer in carbon than first thought and as expressed in the Forestry Development Authority's own report, then Liberia cannot possibly afford to continue missing out on these urgently needed new revenues.

The delays by REDD and the accusations against Carbon Harvesting Corporation support the counter allegations against the worlds wealthy nations of 'carbon colonialism'. At last year's Copenhagen Climate Summit reported in an article from The Times (London), the G77's chair, Lumumba Stanislaus Di Aping of Sudan, is reported to have told journalists that sixty percent of the global atmospheric space (this includes Liberia) 'is been secured for the wealthy nations'. Clearly the fight for control of the developing nation's carbon stock resources will continue.

<http://www.timesonline.co.uk/tol/news/environment/article6950081.ece>

Bribery & Corruption

Carbon Harvesting Corporation is already on the record in respect of its position on bribery & corruption:

Bribery & corruption is endemic in many societies, Governments and business. CHC does not condone these practices and indeed is committed to working wherever possible to erase any illegal activities in Liberia or any other Country.

It is Carbon Harvesting Corporation and its Directors that are and have been receiving malicious allegations, rumors and accusations in respect of its trading activities, this without first being invited to comment and put matters of fact on the record.

The Meridian Report of March 2009 highlighted REDD readiness activities including funds for Standards & Guidelines, Enforcement of Planning & Environmental Requirements, Independent Monitoring and NGO capacity building. The activities in the report have a budgeted average cost of \$5.3 million per reference country.

Across the 89 highlighted countries in the report, which includes Liberia, this amounts to a mouth watering \$471 million of costs. It is no wonder that NGO's, Academics and Global Charities are vociferously, vehemently supporting and criticising REDD in equal proportion but essentially positioning themselves to target this new lucrative funding source.

It is clear they have vested interest/s and will go to any length to stop other participants joining this emerging and new industry; which would include countries like Liberia acting independently by collaborating with private sector partners around the world.

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