

23 September 2009

ASX Limited

**BY ELECTRONIC LODGEMENT**

Dear Sirs,

**ISSUE OF EMPLOYEE OPTIONS**

Tox Free Solutions Limited wishes to advise the issue of 1,775,000 options pursuant to the Company's Employee Share Option Scheme.

Employee options are an important part of Tox Free's remuneration policy and are issued to key employees to provide long term incentive which is financially linked to the interests of employees.

The options are unlisted, and are exercisable as follows:

- 550,000 options exercisable at \$ 2.07 after 1 September 2010 and before 1 November 2011;
- 590,000 options exercisable at \$ 2.38 after 1 September 2011 and before 1 November 2012;
- 635,000 options exercisable at \$ 2.74 after 1 September 2012 and before 1 November 2013.

The options issued were ratified by the remuneration committee on 26 June 2009. At that time Tox Free shares were only trading at \$ 1.81. The options were not issued at this time pending changes in the taxation legislation with regard to the taxation of share options. The Australian Taxation Office ruling on this matter had not been defined and the remuneration committee believed it prudent to understand the impact of these changes prior to issuing the options.

A further 1,700,000 (in total) options are proposed to be issued to executive directors , on the same terms as above. The issue of these options to executive directors, which was approved by the remuneration committee in late June 2009, will be subject to shareholder approval at the upcoming Annual General Meeting of the Company.

The company also advises the conversion of 75000 employee options exercisable by 28 February 2010 at \$ 1.08 each.

Yours faithfully,



David McArthur  
Company Secretary

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

TOX FREE SOLUTIONS LIMITED

ABN

27 058 596 124

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |   |
|---|--|---|
| 1 | +Class of +securities issued or to be issued   | FULLY PAID ORDINARY SHARES<br>EMPLOYEE OPTIONS  |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 75,000 SHARES<br>1,775,000 UNLISTED OPTIONS   |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | -550,000 EXERCISABLE AT \$2.07 AFTER 1/9/2010<br>AND BEFORE 1/11/2011<br>-590,000 EXERCISABLE AT \$2.38 AFTER 1/9/2011<br>AND BEFORE 1/11/2012<br>-635,000 EXERCISABLE AT \$2.74 AFTER 1/9/2012<br>AND BEFORE 1/11/2013 |

+ See chapter 19 for defined terms.

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<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>YES. FULLY PAID ORDINARY FOR 75,000 SHARES</p>				
<p>5 Issue price or consideration</p>	<p>\$1.08 OPTION CONVERSION. NIL FOR OPTION ISSUE</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>- CONVERSION OF 75,000 28/2/2010 OPTIONS - EMPLOYEE OPTION SCHEME ISSUE OF 1,775,000 OPTIONS</p>				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>23 SEPTEMBER 2009</p>				
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="695 1458 995 1491">Number</th> <th data-bbox="995 1458 1289 1491">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="695 1491 995 1709">79,222,091</td> <td data-bbox="995 1491 1289 1709">FULLY PAID ORDINARY</td> </tr> </tbody> </table>	Number	+Class	79,222,091	FULLY PAID ORDINARY
Number	+Class				
79,222,091	FULLY PAID ORDINARY				

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+ See chapter 19 for defined terms.

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	5,921,252	VARIOUS EXPIRY, PRICES AND DATES.
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

**Part 2 - Bonus issue or pro rata issue N/A**

11 Is security holder approval required?	
12 Is the issue renounceable or non-renounceable?	
13 Ratio in which the +securities will be offered	
14 +Class of +securities to which the offer relates	
15 +Record date to determine entitlements	
16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17 Policy for deciding entitlements in relation to fractions	
18 Names of countries in which the entity has +security holders who will not be sent new issue documents  <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	
19 Closing date for receipt of acceptances or renunciations	
20 Names of any underwriters	

+ See chapter 19 for defined terms.

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- |    |   |  |
|----|---|--|
| 21 | Amount of any underwriting fee or commission  |  |
| 22 | Names of any brokers to the issue   |  |
| 23 | Fee or commission payable to the broker to the issue  |  |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders   |  |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting  |  |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled  |  |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders |  |
| 28 | Date rights trading will begin (if applicable)  |  |
| 29 | Date rights trading will end (if applicable)  |  |
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker?   |  |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?  |  |

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+ See chapter 19 for defined terms.

32 How do <sup>+</sup>security holders dispose of their entitlements (except by sale through a broker)?

33 <sup>+</sup>Despatch date

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities  
(tick one)

(a)  Securities described in Part 1 – Fully paid ordinary shares only. **75,000 SHARES**

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35  If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders

36  If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional <sup>+</sup>securities

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<sup>+</sup> See chapter 19 for defined terms.

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**Entities that have ticked box 34(b)**

38 Number of securities for which  
 +quotation is sought 

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39 Class of +securities for which  
 quotation is sought 

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40 Do the +securities rank equally in all  
 respects from the date of allotment  
 with an existing +class of quoted  
 +securities?

If the additional securities do not  
 rank equally, please state:

- the date from which they do
- the extent to which they  
 participate for the next dividend,  
 (in the case of a trust,  
 distribution) or interest payment
- the extent to which they do not  
 rank equally, other than in  
 relation to the next dividend,  
 distribution or interest payment

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41 Reason for request for quotation  
 now

Example: In the case of restricted securities, end of  
 restriction period

(if issued upon conversion of  
 another security, clearly identify that  
 other security)

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	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)		

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+ See chapter 19 for defined terms.

**Quotation agreement**

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.  
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



(Company Secretary)

23 September 2009

Print name: David McArthur

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+ See chapter 19 for defined terms.