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## Major Contract Award and Operational Update

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31 May 2010

**ASX Limited**

### **MURRIN MURRIN OPERATIONS PTY LTD - CONTRACT AWARD**

- **Provision of industrial services at Murrin Murrin Nickel / Cobalt Operations**
- **Five year contract term**
- **Estimated contract revenue of \$6M pa**

Tox Free Solutions Limited ('Tox Free' or 'Company') is pleased to announce the Company has been successful in the award of a contract to provide Industrial Services to Murrin Murrin Operations Pty Ltd at the Murrin Murrin Nickel / Cobalt operation in Western Australia.

The contract scope includes the provision of industrial cleaning and maintenance services, including:

- Hydro blasting and vacuum loading;
- Heat exchanger cleaning;
- Mechanical descaling and hazardous waste removal;
- Tank cleaning, pigging and chemical cleaning of lines and tanks;
- Catalyst handling; and
- Drain cleaning.

The five year contract is expected to commence on 1 July 2010. Estimated revenue will be approximately \$30 m over the term of the contract with capital expenditure of \$4 m over the same period. The contract will employ approximately 20 personnel.

This is another significant achievement for Tox Free as the company continues to secure further waste management and industrial services contracts.

## OPERATIONAL UPDATE

The FY10 second half period has been strong with preliminary May results and outlook for June looking favourable at this point in time. There have been a number of operational highlights during the period which will benefit Tox Free in the medium to long term:

- Restructuring of east coast operations and focus on margin improvement
- Rio Tinto contract award
- Murrin Murrin contract award
- Gorgon Barrow Island contract mobilisation
- Woodside Contract – achievement of 1 year milestone with no LTI's meeting all client contract KPIs
- Acquisition of Envirochem Technologies in Victoria

Whilst the above projects will positively contribute towards earnings growth in 2011 and beyond, there has been a number of one off items that will affect the FY10 second half result.

The one off expenses relate to:

- Redundancy expenses relating to the restructuring of the business in January 2010.
- Rio Tinto contract mobilisation expenses – initial delay in equipment from our supplier has resulted in the use of third party subcontractors.
- Gorgon Barrow Island Contract – this project is behind initial project construction timelines and has therefore resulted in less activity and earnings.

As the company continues to win further long term contracts the seasonality and sensitivity of the company's earnings will stabilise. This year has been the first year in some time where there have been no cyclones in the North West of Australia and very minimal Emergency Response activity. These factors are outside Tox Free's control, however historically they have assisted in the 45:55 earnings split previously observed in prior financial years.

Even with a strong finish to financial year 2010 it is now unlikely the Company will achieve its initial guidance of \$26 m - \$28 m EBITDA which was provided to the market in August 2009. Tox Free expects to achieve EBITDA around the \$25 m for the full year (prior to share based payments).

The underlying business is performing very well and the softer earnings over the year can be directly attributed to a number of one off items outlined above.

The focus of the company over the last financial year has been to develop a platform to ensure the company can be managed effectively moving forward. This has included investment in overhead and management systems. Tox Free is very focussed on its long term future. Growth will continue through strategic acquisition, further contracts and organic growth of our existing divisions.

New developments for 2011 and beyond include:

- Rio Tinto Contract – commenced March 2010
- Murrin Murrin contract – to commence 1 July 2010
- Ramp up of activity on Gorgon Barrow Island Project
- Pluto LNG Contract – expected Jan 2011
- Envirochem Technologies – acquisition completed 1 May 2010
- Upgrade of the Tox Queensland facility to enable the acceptance of a broad range of waste streams for processing – Expected environmental approval July 2010
- Further acquisitions that meet the Company's corporate strategy
- Further award of major waste management and industrial service contracts presently being tendered.

Yours faithfully



**STEVE GOSTLOW**  
*Managing Director*

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About Tox Free Solutions Ltd (ASX code: TOX)

Tox Free Solutions Ltd (Tox Free) is one of the largest integrated industrial services, waste and environmental management businesses in Australia.

The Company offers a full range of services through its national network of industrial, hazardous, liquid and solid waste treatment facilities. In addition Tox Free are fast becoming the leaders in onsite industrial services, waste minimisation, recycling and contaminated site remediation.

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