

**TSO₃ ANNOUNCES AGREEMENT WITH MAGNET,
A GROUP PURCHASING ORGANIZATION**

Significant near-term sales anticipated for the Company's medical instrument sterilization system from MAGNET's network of 11,000 healthcare providers

Quebec City, Quebec, Canada, October 3, 2008 – Mr.. W. Barry McDonald, Interim President and Chief Executive Officer of TSO₃ Inc. (“TSO₃”) (TSX: TOS) is proud to announce that the Company has been selected as a vendor partner by the Mid-Atlantic Group Network of Shared Services (MAGNET), one of the oldest and largest group purchasing organizations in the United States. East coast-based MAGNET, serves 11,000 healthcare providers by offering access to a contract portfolio of high-quality capital equipment and services. As a vendor partner, TSO₃ will supply MAGNET's members with its low temperature ozone sterilization system for hospital environments. Significant sales are anticipated in the near-term as a result of this agreement.

“It is an honor for TSO₃ to be chosen as a vendor partner of MAGNET, which has stringent selection criteria in terms of product quality and pricing. MAGNET's vast membership network includes 775 U.S. hospitals – our primary target market,” adds Mr.. McDonald. “We believe many of MAGNET's members will greatly benefit from our safe, effective, environmentally-friendly and affordable ozone sterilization technology, and will be interested in using our Sterizone® 125L Ozone Sterilizer,” he added.

“I am pleased to welcome TSO₃ to MAGNET as a vendor partner,” said Derwood **B. Dunbar Jr., President & CEO** of MAGNET Inc. “I see a real opportunity among our membership of healthcare providers for a cost-effective and innovative solution such as TSO₃'s Sterizone® 125L Ozone Sterilizer,” Mr.. Dunbar added. “We look forward to co-marketing this promising technology with TSO₃ via MAGNET's network of regional groups.”

This agreement is a highly promising breakthrough into the U.S. healthcare sector for TSO₃. “In addition to the new customer sales potential offered by this new partnership, the strength of the MAGNET name will also contribute toward raising market awareness about our innovative and patented sterilization process. Such recognition should

contribute toward continuing our sales momentum as we implement our business development initiatives throughout North America and internationally,” explained Ann Hewitt, Vice President, Global Sales for TSO₃.

About MAGNET

Founded during the 1979 Middle Atlantic Health Congress, the Mid-Atlantic Group Network of Shared Services (MAGNET) was created to develop contracts on behalf of its **Member Organizations (Hospital Central Services Cooperative, Joint Purchasing Corporation, Monmouth Ocean Health Care Cooperative, Southwest Ohio Healthcare Affiliates, Connecticut Hospital Association Shared Services Program and Association Management Resources)** in the niche market of capital equipment. MAGNET is one of the oldest, largest, and most experienced shared service organizations in the United States. Today, MAGNET serves approximately 11,000 providers, including hospitals, alternate care facilities, and physician practices and clinics with a contract portfolio that includes equipment, services, commodities and the newly emerging area of niche/boutique (innovative and cost-reducing) products.

Additional information may be found on the MAGNET Web site at www.magnetgroup.com.

About TSO₃

TSO₃, founded in Québec City in 1998, specializes in the research and development of innovative, high-performance medical instrument sterilization technology with high commercial potential. The Company's first product, the *125L* Ozone Sterilizer, is designed for sterile processing centers in the hospital environment.

In contrast to other methods used, the ozone sterilization process developed and patented by TSO₃ meets all standards required by the evolution in sterilization needs, which are: significant costs savings, increased safety for patients and hospital staff, and a “green” environmentally safe process. The Company believes that its technology represents an advantageous replacement solution to other low temperature sterilization processes currently used in hospitals.

The *125L* Ozone Sterilizer is cleared for commercialization by the US Food and Drug Administration and by Health Canada. TSO₃ has been in the commercialization phase for this first product since 2006.

For more information about TSO₃, visit the Company's Web site at www.tso3.com