



Iofina plc

13th August 2008

(“Iofina” or “the Company”)

Acquisition of New Natural Gas and Iodine Prospect

The directors of Iofina, the natural gas and iodine exploration and production company, are pleased to announce the acquisition of 30,000 acres within an area in south eastern Montana, USA, which the Company has named the Triton Prospect, which the Company’s geologists have identified as an area with potentially large new gas and iodine reserves. The Company and its subsidiaries (“the Group”) hold a 100 per cent interest.

Iofina’s proprietary Wellhead Extraction Technology® method is well suited to achieving commercial production on the Triton Prospect. As a result of co-produced brine water, the Triton Prospect is commercially unviable using traditional technology, and was therefore acquired by the Group on favourable commercial terms.

Triton Prospect Highlights:

- The Triton Prospect has gas and iodine potential throughout the Cretaceous sediment package including the Judith River, Eagle, Mowry and Muddy formations. The Group currently holds 30,000 net acres.
- Multiple well control data in the area indicates large amounts of gas cut brine while well water samples from the region show the presence of iodine. The gas is believed to be trapped in a similar manner to the gas in the Group’s Atlantis Prospect and is therefore well suited for extraction using Iofina’s Wellhead Extraction Technology® method.
- The Group will undertake further analysis after a pilot program to firm up resource estimates and will commission an independent reservoir appraisal firm to produce an independent valuation of the Triton Prospect.
- Existing pipeline infrastructure from the Atlantis Prospect is within 20 miles of the Triton Prospect, along with vast and deep disposal zones for the spent brine.
- The Company may seek to lower the ongoing cost and risk profile if the Triton Prospect proves commercially attractive through establishing joint ventures with industry partners.
- The Group, having been awarded the project, is awaiting final issuance of the United States BLM federal leases, which are in agreed form.

Commenting on the Triton Prospect, Dr David Schneider, Chief Executive Officer, stated:

“We continue to look for, find and review new acreage that contains both gas and iodine, outside but similar to our Atlantis Prospect, which can be acquired cost effectively and extracted economically using our proprietary technology method and processes”.

“The Triton Prospect is the first of such opportunities. Based on the geology and well sample analysis, we believe the Triton Prospect to be an extremely exciting new find which will add substantially to our future growth potential. We are in discussions with industry partners to reduce the risk profile of the project.”

“The acquisition of the Triton Prospect marks the start of our strategy to broaden our reserves and build a substantial portfolio of valuable gas and iodine prospects with the aim of becoming a leading global iodine producer.”

Enquiries:

Lance Baller
Iofina plc
Tel: +44(0)20 3006 3135

Nominated Adviser:
James Harris/Angela Peace
Strand Partners Limited
Tel: +44(0)20 7409 3494

Broker:
Rory Scott
Mirabaud Securities Limited
Tel: +44(0)20 7878 3360

Media Contact:
Chelsea Hayes
Pelham Public Relations
Tel: +44 (0)20 7743 6675

About Triton

The Triton Prospect extends across many hundreds of thousands of acres in a currently non-producing region of south eastern Montana. The region in which the Triton Prospect is located is known as the Miles City Arch which separates the Williston Basin from the Powder River Basin to the South. The gas is believed to be trapped in a similar manner to that which exists in the Group's Atlantis Prospect in Hill County (North Central Montana).

Although the industry is aware of the high levels of gas present in this south eastern region of Montana, the area is currently non-producing since wells drilled have quickly encountered high volumes of water which reduce the commercial viability for pure gas extraction companies. However, the combination of iodine believed to be present in the water, together with Iofina's ability to extract the iodine cost effectively, thereby

converting the cost of handling the water into a new revenue stream, substantially changes the economic potential and may open up the region for commercial exploitation.

Iofina's geologists believe that the Triton Prospect has natural gas throughout the Cretaceous sediment package including the Eagle, Mowry, Judith River and Muddy formations. The Triton Prospect has three separate and distinct target pay zones, two of which are already known to produce biogenic gas on the Cedar Creek Anticline approximately thirty miles to the East. The Judith River formation has produced in excess of 100 billion cubic feet (Bcf) from depths of less than 1,000 feet. The Eagle formation has also produced in excess of 100 Bcf from depths of 1,000 to 1,900 feet. A third target pay zone is not known to produce gas within the region. This is the main target zone of the Triton Prospect. This main target zone is deeper within the Cretaceous section and appears to have substantial reservoir pressure. Potential gas and iodine resources associated with this unidentified target pay zone could be significant. Iodine is also believed to be present in the co-production brine in most of the pay zones. Two natural gas pipelines owned by Williston Basin Interstate Pipeline (WBI) exist within 20 miles of the Group's leases within the Triton Prospect, and the area also has vast and deep disposal zones for the spent brine.

The Company is awaiting final issuance of approximately 30,000 net acres of United States federal leases. Iofina submitted a non-competitive bid with the United States Department of Interior Bureau of Land Management which administers the US's public lands, totaling approximately 264 million acres (1,070,000 km²) or one-eighth of the landmass of the country, which the Company won and secured by default. The initial development lease terms are for ten years after which time the acreage can be held by production (HBP). The Company intends to continue to acquire additional acreage on favourable terms.

The Company will undertake further analysis to firm up resource estimates and will commission an independent reservoir appraisal firm to produce an independent valuation on the project.

Iofina has been in negotiations regarding the offering of an interest in the Triton Prospect to potential partners in the natural gas industry. Negotiations with potential partners are being based around offering an interest in the Triton Prospect on a promoted basis to the Group. Iofina would create an AMI (Area of Mutual Interest to each partner) which would enable a pilot program with subsequent development. Iofina's cost basis for the first pilot wells is anticipated to be carried by the partner(s) to remove all exploration capital risk.

Iofina plans to release more details about the Triton Prospect in the near future.

About Iofina

Iofina is involved in the exploration and production of both iodine and natural gas which have been discovered on acreages which the Company holds. The presence of both iodine and natural gas allows the Group to generate dual revenue streams over a single cost structure. The dual revenue approach has worked successfully in the Mobarra field in Japan which has been producing iodine and natural gas for over the past 50 years.

Iodine is a rare element that is only produced in a few countries in the world with over 89 per cent. coming from Chile (60 per cent.) and Japan (29 per cent.). This has resulted in the US and Western Europe becoming major net importers to meet growing demands from pharmaceutical and industrial manufacturers. Iodine demand is growing at 6.6 per cent. per annum driven by a combination of increased usage in a wide variety of sectors from pharmaceutical manufacturing, LCD screen manufacturing, medical imaging, cosmetics, biocides in paints and pesticides, as well as the emergence of new uses for iodine and greater consumption from developing countries such as India and China. The Group's proprietary Wellhead Extraction Technology® method will allow low cost production metrics and high operational efficiencies compared to other large iodine/gas fields in Mobarra, Japan and Oklahoma, USA. Iofina owns a thirteen mile pipeline that ultimately links to the TransCanada pipeline. Iofina currently has leased over 60,000 net acres in the Atlantis and approximately 30,000 net acres in its Triton Prospect. MHA Petroleum Consultants, Inc., the Competent Person, estimates that as of 1 February 2008 and, based on Iofina's core c.28,000 acres at that time in the Atlantis Prospect, Iofina has 100.6 million kg of iodine in place and has 155.6Bcf of natural gas in place, making the Atlantis Prospect the largest known iodine resource in North America. The directors of the Company believe that Iofina's low cost development strategy and its dual revenue streams are expected to provide both excellent margins and reduced revenue volatility since the two product streams are unrelated relative to their respective markets.

Iofina is traded on the London Stock Exchange's AIM Market under the ticker: IOF.

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