



Iofina plc

16 July 2008

(“Iofina” or “the Company”)

Atlantis Prospect Operational Update

The directors of Iofina, the natural gas and iodine exploration and production company, are pleased to announce an operational update with respect to the Atlantis Prospect located in the state of Montana, USA, in which the Company and its subsidiaries (“the Group”) hold a 100 per cent. interest. Iofina is traded on the London Stock Exchange's AIM Market under the ticker: IOF.

Highlights

- Acquisition of both pending and active leases comprising 32,730 net additional acres in the Atlantis Prospect representing a 117% increase from the 28,000 acres disclosed in the Company’s AIM admission document in May 2008. The Group now has a total active and pending land bank position of over 60,000 net acres.
- Completion of the expansion of an additional nine (9) miles to the Iofina Express #1 pipeline, with capacity of up to four (4) million cubic feet per day representing a 33% increase over capacity previously stated, opening additional acreage to field development.
- Purchase of new Versa-Drill® V-2095EXP custom drilling rig that is Range III capable. The Group has also secured production slots for increased delivery of additional drill rigs this autumn and the spring of 2009 to enhance Iofina’s drilling schedule. The Group also purchased over 1,300 horsepower of heavy equipment including a high pressure Frac Pumping Unit and an oilfield-type Cementing Unit for optimized well completions.
- Successful completion of the building and testing of our Wellhead Extraction Technology® at Iofina’s Kentucky chemical facility ahead of delivery to the field.

Commenting on the operations at the Atlantis Prospect, Dr. David Schneider, Chief Executive of Iofina plc, stated:

“We have been pleased with progress at our Atlantis project since our IPO on AIM in May this year. A number of key milestones have been delivered under budget which is a testimony to the Iofina team.

The pipeline extension and expansion has now been completed, the stripping facility delivered, the rigs and completion equipment purchased and the technology proven, and against this backdrop we also continue to add substantial value to our reserves through further acreage acquisitions. We believe that the Group is now well positioned to move from development stage to production.”

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New Land Acquisition

Iofina has acquired an additional 18,888 net acres of prime acreage within the Atlantis Prospect with acquisition pending of a further 13,842 net acres, comprising a total of 32,730 new acquired acres. The pending acreage is agreed but awaiting completion of title work and/or revised paperwork. This newly acquired acreage is adjacent to the Group's current pipeline and infrastructure.

Furthermore, the Group's land acquisition programme continues to have a strong response from local mineral owners enabling the Group to fill in its core acreage position and core drilling locations. Iofina has hired two professional landmen as employees to our existing team in order to accelerate the acquisition of further acreage in the Atlantis Prospect, check title work and permit drilling locations. The Group continues to acquire additional acreage in the Atlantis Prospect on a regular basis which is located alongside, and which management believes has similar gas/iodine characteristics to, our existing infrastructure.

Pipeline Expansion

Iofina has completed a nine (9) mile expansion of the Iofina Express #1 pipeline which ultimately links into the TransCanada pipeline. The new pipeline bisects the Group's core acreage position extending across 13 miles. The pipeline expansion was completed on time and under budget. The Iofina Express #1 pipeline capacity was increased by 33% to four (4) million cubic feet per day above the expectation which the Company had at the time of admission to AIM. The increased capacity will enable the Group to maximize its current land bank position which is supported by its aggressive drilling campaign.

Drilling Rig Purchased & Future Supply Secured

Iofina has purchased a Versa-Drill® V-2095EXP. Iofina visited manufacturers of many different drilling rigs before deciding on the Versa-Drill®. The Versa-Drill® clearly stood out as the optimal drilling rig for the development of the Atlantis Prospect and despite being custom built to the Company's specifications, still came in under budget. The Directors see a number of immediate benefits:

- The V-2095EXP multiple patented no load derrick has less weight and more pull back, coupled with an automated pipe handling and storage system. These features allow Iofina to have fewer workers per rig crew and enable much quicker drilling times per well.

- The Range III casing capabilities for longer casing should yield c.6% savings per well drilled. This will provide meaningful improvements in the control of costs given the well schedule over the next five years.
- The purchase of the V-2095EXP rig has now enabled Iofina to secure production slots for additional future drilling rigs to support the drilling forecasts. Securing new leading edge drill rigs puts Iofina on track to maximize drilling activities with minimal down time due to repairs.

Given the rapid drill schedule that Iofina intends to undertake over the next few years, securing visibility on access to the most suitable and customizable rigs in the market is an important milestone in our strategy.

Well Completion Heavy Equipment

The Group has purchased a custom built Frac Unit and an oilfield-type Cementing Unit. Both of these pieces of equipment can be linked together in order to provide over 1,300 horsepower of fracture pumping power for enhanced well completions.

Bringing these services in-house will allow Iofina to maximize its well production rates using oilfield type fracturing methods, at controlled cost.

Successful Testing of Extraction Equipment

A critical part of Iofina's strategy is the separation of natural gas, and the subsequent extraction of iodine, from the brine water which will flow from the wells. Iofina has developed its own proprietary system called the Wellhead Extraction Technology® (WET®) to undertake this complex process.

The infield pod manifold system, which is part of the overall WET® system, has now been successfully built and tested at Iofina's Kentucky Chemical Facility ahead of delivery to the field. The manifold allows the gas separated brine to be processed with optimal flow and pressure. Each segment of the manifold is monitored for optimal flow dynamics both instantaneously and cumulatively. Pods can then be fine tuned in the field for the flow rate characteristics of the specific geology encountered to continually improve iodine and natural gas extraction rates and maintain the Company's low cost extraction competitive advantage. Encouragingly, all flow rates and recovery are what the Directors anticipated.

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 Mobara 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 Mobara, Japan and

Oklahoma, USA. Iofina owns a thirteen mile pipeline ultimately linking to the TransCanada pipeline. 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, Iofina has 100.6 million kg of iodine in place and has 155.6Bcf of natural gas in place, making the Atlantis the largest known iodine resource in North America. The Directors 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's 2008 annual general meeting (the "AGM"), was held on 6 March 2008 at One London Wall, London, EC2Y 5EB at 10 a.m.

www.iofina.com

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