



19 March 2012

Iofina plc
("Iofina" or "the Group")

Corporate Update

Iofina (LSE AIM: IOF), specialists in the exploration and production of iodine, with complete vertical integration into specialty chemical iodine derivatives, is pleased to announce a corporate update during a period of significant activity for the Group.

The Group expects to announce final results for the year ended 31 December 2011 early in the second quarter of 2012.

KEY OPERATIONAL HIGHLIGHTS:

- Iodine prices expected to remain robust through 2012;
- Newly optimized roll-out structure for mid-stream business, which includes larger brine sites with lower OPEX and improved production efficiencies;
- larger IOsorb™ WET® plants capable of processing brine streams of up to 30,000 barrels per day (bpd), which delivers an accelerated payback based on current iodine pricing;
- Additional mid-stream contracts secured with large independent producers, which offers large order book of available brine sites to rollout utilizing large IOsorb™ WET® plants for 2012 and 2013;
- Freehold purchase of the current iodine derivatives manufacturing facilities and administration office located in Covington, Kentucky USA; and
- Purchase of adjacent thirteen acres for potential expansion of Iofina's specialty chemicals business bringing the total complex to eighteen acres and three manufacturing buildings.

Commenting on the Update, Lance Baller, CEO and President, stated:

"The Board is pleased to report that the Group is encouraged by forward-looking cash flow generation, robust iodine prices and overall performance of the management team and staff. It is the result of considerable hard work, both from the technology and commercial divisions, that Iofina has been able to secure contracts with large independent oil and gas producers in its mid-stream business. Iofina's strong reputation and presence in the market is now well-established. With its geological model, robust technology and current customers, the Group is well positioned for a strong 2012 and beyond."

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Iodine market overview

Iodine markets have remained robust so far in 2012. While spot iodine prices have regressed from their all time high spot pricing of c.\$100/kg experienced in the prior year, they remain firm between \$65-\$70/kg for large contract users with spot pricing still near all time highs. Additional supply was added by the world's largest producer, as other Chilean iodine mines' production declined due to water issues. Just over one year following the Fukushima disaster, Japanese iodine producers have been at full capacity since late in the second quarter of 2011 and are unable to bring on any new supply as capacity has been reached. Iofina is currently seeing iodine demand outstripping supply and the Board anticipates that the global iodine markets will continue to remain robust in the short to medium term.

Mid-stream business

With the recent appointment of Dr. Igor Khalev, as Vice President of Engineering, Iofina's technical iodine extraction expertise is complete and well positioned to progress its mid-stream business strategy.

Over the last eighteen months, Iofina has built a strong reputation and position among many of the top tier oil and gas producers in the US. Iofina is pleased to announce that it has secured additional brine contracts with large independent oil and gas producers, names of which cannot be disclosed for commercial sensitivity reasons. The Group continues to have encouraging discussions with additional large independent oil and gas producers in its target areas where the iodine content in the brine is commercially attractive, and further agreements are expected to be signed in 2012. As a consequence, Iofina is focusing on producers which are disposing of large volumes of iodine rich brine at multiple sites. This approach achieves economies of scale and compresses the timeline to actual production by deploying multiple units with the same operator. The Group now has a large backlog of sites and brine streams to rollout in 2012 and 2013.

Iofina's Wellhead Extraction Technology® ("WET®") can quickly, and efficiently, be deployed to any location and adapt to variations in brine water streams. As a result, Iofina is able to deploy WET® units to producer's sites throughout North America, presenting a mid-stream option to third party producers and a new revenue source from their waste brine streams.

The WET® method employs two different iodine extraction methods depending on brine chemistry and temperature for optimal efficiency. The first technology for cold brine streams is a chemical-based method using an anion exchange resin, to which the iodine anions are attracted and this method can also be based on a "physical system" for separating out iodine molecules in a physical trap using carbon. This method, which may require pre pre-filtration, has lower iodine yield efficiency. The second method is called the WET® IOsorb™ method and is used on larger higher temperature brine streams which may

include oil and other impurities. This flexibility has removed some of the operational issues experienced previously in adapting to the specific characteristics of each operator's brine streams.

Each mobile WET® unit is capable of production rates of up to 10,000 bpd per unit. Iofina also has larger modular WET® IOsorb™ plants capable of handling 30,000 bpd. These plants are built to ensure full redundancy for lower down times and high iodine yield efficiency. The larger WET® IOsorb™ plants are designed to be able to be shipped via standard sea cargo containers that can be deployed via normal railways and roadways. If the operators' site produces more than those quantities a custom designed plant can be built or multiple modular WET® plants can be used together. The self-contained WET® units is key to Iofina's ability to extract third party brine streams in a rapid and highly cost effective manner that had not previously been available in the iodine industry.

Realignment of business development

Following Iofina's success with the large independent producers, the Group is now focused on five targeted geographic areas. Within each geographic area Iofina will negotiate multiple agreements. Once the agreement is secured Iofina will progress with a wide area rollout across multiple locations. Iofina is targeting to place larger WET® IOsorb™ plants capable of handling 30,000 bpd in order to maximize production, maximize resources, and higher efficiency, while reducing operational cost. Our larger WET® IOsorb™ plants have a reasonable accelerated payback based on current iodine pricing and thus can be funded out of projected cash flow. Our large WET® IOsorb™ plants are capable of producing between 50mt to over 450mt of iodine per annum each depending on flow and iodine concentrations at these target locations. Locations with abnormally high concentrations will be higher than stated above. By having multiple WET® IOsorb™ plants in the same geographic location it reduces cost and allows for a centralized iodine crystallization facility for logistical reasons. On the surrounding smaller brine streams Iofina will then deploy the smaller mobile WET® units, allowing the same personnel to operate those units.

Iofina has one of the five targeted geographic locations in a full wide area rollout with multiple large sites under construction while other sites in that area are in smaller scale iodine production. The Group will continue to add additional mid-stream contracts from oil and gas producers in this core area.

Due to the aforementioned business model realignment, Iofina redirected the California large WET® IOsorb™ plant to our current core target geographical location. The California producer's recent drilling programme has resulted in increased brine flows thus requiring more water disposal facilities that further restrict the space available for our WET® IOsorb™ plant. While this had a short term impact on our expected iodine production from this site in late 2011 and early 2012, the long term outlook is now very positive. The core target area has higher iodine concentrations and multiple sites allowing long term upside return for the Group. Iofina remains in dialog with the California producer and will revisit the California location facility in summer when additional mid-stream brine contracts are secured in that target area with other oil and gas operators. Due to higher brine volumes, a larger WET® IOsorb™ iodine plant will be needed for that location.

Iodine and iodine derivative plant investments

Iofina has purchased the freehold of its iodine derivatives manufacturing facilities and administration offices in Covington, Kentucky USA. Iofina also purchased thirteen acres adjacent to the site to have the potential to expand Iofina's specialty chemicals business further. These purchases bring the total complex to eighteen acres. By purchasing the existing facility the Group has saved c.\$140,000 USD on the current lease, plus additional relocation expenditures which would have been incurred as the lease was due to expire in August 2012, as well as production down times and increased inventory to supply customers during the relocation process.

Iofina currently has multiple sites under construction, along with one additional large WET® IOsorb™ plant that the Group will take delivery of at the end of the second quarter 2012. Currently all fabrication is contracted to external contractors. The Group will order additional plants as needed and is looking for additional contractors based on current demand.

Outlook

The Group remains focused on increasing iodine and iodine derivatives production while also developing new growth opportunities in order to be a major producer of iodine and iodine derivatives. The Group is pursuing and finalizing JV/partner opportunities on our water and deep rights acreage. The Board remains encouraged that agreements will be finalised. Furthermore, once concluded, this will enable Iofina to create new revenue streams and enter into markets that management believes can be highly lucrative.

The Group expects to announce final results for the year ended 31 December 2011 early in the second quarter of 2012.