



22 March 2010

Iofina plc  
("Iofina" or "the Company")

## **First Third Party Iodine Extraction and Collection Agreement**

Iofina, the gas and iodine production company, is pleased to announce that it has signed its first third party Iodine Extraction and Collection Agreement with The Termo Company ("Termo"), a privately held California based oil & gas company, for the extraction of iodine from Thermo's brine streams in the Los Angeles (LA) Basin of California (the "Agreement").

The Agreement represents a crucial milestone towards Iofina's stated strategy of providing a full service fee based solution to resource operators, such as Termo, which is generating brine streams associated with oil and natural gas production. Through partnering with Iofina, operators' brine streams, which have historically been a cost base, can now be monetized and turned into a new revenue source which, in many instances, can completely alter the economics of existing operations and furthermore make other operations commercially viable for the first time.

The Deployment of Iofina's proprietary Wellhead Extraction Technology® (WET®) units are now underway and will see Iofina re-establish the first iodine recovery operations in California for fifty years. The initial WET® being deployed will be able to process 1,500 barrels (bbls) a day of c.77 parts per million (ppm) brine and has the potential to ramp up to over 30,000 bbls a day when other modular POD units are deployed.

All the iodine extracted will be exclusively marketed to Iofina Chemical at a market rate for like kind of quality and purity of iodine. Iofina Chemical will then vertical integrated into various types of iodine chemical derivatives.

With the first iodine extraction agreement now in place as a new industry benchmark, management intend to accelerate discussions with other operators in the area to further exploit the opportunity. Over 1.5 million barrels per day of iodine rich brine is produced in the LA basin,

without a single iodine recovery plant currently in operation. Brines sampled by Iofina across the LA Basin have concentrations ranging from 50ppm (similar to the Atlantis) to over 100 ppm of iodine. Every potential partner is put through a rigorous analysis process including performing full testing to calculate production costs and potential yields in order to ensure the economic viability of the proposal. As such, Iofina expects to re-establish additional iodine operations with other major producers across the LA Basin as well as further afield.

The ability for localised third party brine stream agreements to further accelerate Iofina's position as a major iodine producer within the US also creates significant strategic value. The US accounts for just five per cent of global iodine production which is all from one site in the Anadarko Basin, Oklahoma. This site has struggled to increase production due to the inability to tap new brine streams from the surrounding area to existing large scale production facilities. The US accounts for 24% of global consumption, therefore it has to import approximately 72% of its annual requirements from Chile and Japan which account for 89% of global production. Iofina's mobile POD units, employing its proprietary WET® technology, for the first time now makes it possible to deploy infrastructure and produce iodine locally from iodine rich brine streams at selected locations around the US. The third party brine stream business will contribute materially to Iofina's strategy of becoming the largest producer of iodine in the US over the next few years.

**Commenting on today's announcement, Forest Dorn Iofina Natural Gas's President and CEO, said:**

*"We are delighted to be announcing our first third party iodine extraction and collection agreement with Termo. With high iodine content having been identified in the LA Basin, this is expected to be the first of a number of significant brine stream opportunities for Iofina in that area alone. Importantly this agreement marks the start of a new revenue stream for Iofina which we expect to grow aggressively alongside our own iodine and gas extraction operations that we recently announced were now underway at the Atlantis."*

**David E. Combs, The Termo Company's President, CEO, and Chairman of the Board of Directors said:**

*"The Termo Company is excited about the potential of adding revenue from what is otherwise considered to be a waste stream. Termo is constantly seeking ways to maximize the value for our stakeholders and not afraid to try new technologies as a means to that end. Iofina has presented Termo with an opportunity that we look forward to exploiting."*

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## **About lofina**

lofina is involved in the exploration and production of both iodine and natural gas with complete vertical integration into the specialty chemical iodine derivatives business. It also provides third party brine stream operators with a turnkey fee based solution to extract iodine. The presence of both iodine and natural gas has been discovered on acreages which the Company holds through its wholly owned subsidiary lofina Natural Gas, Inc. The presence of both iodine and natural gas allows the Group to generate dual revenue streams over a single cost structure.

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

[www.lofina.com](http://www.lofina.com)

Wellhead Extraction Technology® and WET® are registered trademarks of lofina Natural Gas, Inc.

## **About The Termo Company**

The Termo Company based in Long Beach, California is an independent oil and gas company with a rich oil and gas history in southern California oil “scene” rooted in the discovery of oil in Signal Hill in 1921. The Company was incorporated in 1933 and is currently run by the grandson of the founder. They have operated properties and enjoyed many successes in the Los Angeles Basin area including active involvement as operator in the Huntington Beach, Wilmington and Long Beach Fields. Termo was also involved in the discovery and development of the Brentwood Field in Contra Costa County which, at the time, was the northern-most oil field in California.

The Termo Company holds an interest in six fields in the Los Angeles Basin. The Company's interest involves 2,800 net acres and includes 48 producing wells with over 900 BOEPD to the 100% interest. Four of the fields have development drilling potential that could greatly enhance their value. The Seal Beach property has potential in several wells for recompletions in existing

zones and adding zones that have not yet been tested. The Aliso Canyon and Oat Mountain Fields have some infill and stepout locations. The Termo Company operates fields in the Ventura, San Joaquin and Sacramento Basins of California, the Powder River Basin in Wyoming and in Louisiana.

[www.termoco.com](http://www.termoco.com)