27 May 2020

Iofina plc
("Iofina", the "Group", or the "Company")
(LSE AIM: IOF)

AUDITED 2019 FINAL RESULTS AND NOTICE OF 2020 AGM

RECORD BREAKING IODINE PRODUCTION, SALES AND EBITDA

Iofina, specialists in the exploration and production of iodine and manufacturers of specialty chemical products, announces its audited final results for the 12 months to 31 December 2019 and Notice of its 2020 Annual General Meeting. Paper copies of these documents, together with a Form of Proxy, are being mailed to shareholders today, and will be made available on our website at www.iofina.com.

2019 saw the Group achieve its second consecutive year of record crystalline iodine production and record EBITDA. These milestones were hit all while reducing debt through the completion of a successful fundraise, which not only allowed the Company to focus on growing its core business of iodine production but also expand into the emerging CBD space. Construction began on IO#8 plant during the period, which was subsequently completed on time during Q1 2020 and on budget, incorporating many design improvements and improved process flow.

2019 Financial Highlights:

- Revenue increased by 22% from $24.0m to $29.2m
- Gross profit increased by $1.9m (31%) from $6.3m (26% of sales) to $8.2m (28% of sales)
- EBITDA improved by $1.8m (67%) from $2.6m to $4.4m
- Operating profit increased by $1.7m (164%) from $1.1m to $2.8m
- Finance expense decreased from $3.1m to $2.7m
- Profit before tax was $0.6m compared to a loss before tax of $1.1m
- An equity fundraise generated net proceeds of $8.3m
- Debt balances reduced from $25.6m to $18.2m through repayment and equity conversion
- There was an investment of $0.9m into a hemp seeds production company
- Cash balances increased by $4.2m from $4.5m to $8.7m

2019 Operational Highlights:

- Produced 602.7 MT of crystalline IOflo® iodine from Oklahoma based IOsorb® plants (2018: 588.8 MT)
- Established IofinaEX with the sole focus of research and production of cannabidiol (CBD) and other cannabinoids from hemp
- Iodine prices increased to ~$35-37/kg at start of 2020 from around ~$26-27/kg at the start of 2019
- Iofina Chemical had a strong trading year with the Group's IOflo® crystalline iodine and other specialty products

Post year end

- Iofina's newest IOsorb® plant, IO#8, began production in April 2020 on time and within budget. The plant is currently not operational as supply of brine water is restricted due to the current depressed oil price. The Company continues to work on alternative sources of brine.
- All other IOsorb® plants are receiving brine water and operating as normal
- 129.7MT of crystalline iodine produced in Q1 2020
- Iodine prices have remained stable into early Q2 of 2020
- Paycheck Protection Program ("PPP") loans of US$1.09m received in May 2020

Annual General Meeting 2020 ("AGM")

In light of the evolving COVID-19 circumstances, the AGM will provisionally be held at the offices of Keystone Law, 48 Chancery Lane, London WC2A 1JF at 11am on 30 June 2020. Due to restrictions in place, the fluid circumstances surrounding COVID-19, travel limitations and other safety factors, it will not be possible for shareholders to attend the meeting in person. The AGM will be run as a closed meeting with the minimum necessary quorum of two shareholders in accordance with the Articles of Association. Voting at the AGM will be carried out by way of a poll so that the votes cast in advance and the votes of all shareholders appointing the Chairman of the meeting as their proxy can be taken into account. Shareholders are urged to read the letter to shareholders accompanying the AGM notice for further details and to look out for any updates in connection with the AGM via RNS and on the Company's website.

Commenting, President and CEO Dr. Tom Becker, stated:
"I am extremely pleased with the progress made throughout 2019 and am delighted to report on another record-breaking year for the Company. Over the course of the period we have continued to execute our strategy to expand operations whilst being a low-cost iodine producer. This, combined with a rising iodine price, has led us to achieve record iodine production and EBITDA levels for the second year in a row.

"The progress made has left the Company in a stronger position than ever from which to resolve its current debt situation, and I'm pleased to report progress continues to be made in this regard and, although progress has inevitably slowed due to the COVID-19 situation, we remain confident that a debt solution will be realised ahead of the repayment date of the Company's current debt package on 1 July 2020.

"Throughout COVID-19, our efforts have remained focused on protecting the health, safety and wellbeing of our employees and their families, on continuing to operate effectively and efficiently, and on maintaining long-term value creation for shareholders. I'd like to take this opportunity to thank our hardworking employees whose efforts have allowed Iofina to remain operational.

"IO#8 was completed on time and within budget and is now currently idle. However, we anticipate that IO#8 will be back online in H2 2020."

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About Iofina:
Iofina plc (AIM: IOF) is a vertically integrated Company that specialises in the production of Iodine and the manufacturing of specialty chemical products. As the second largest producer of iodine in North America, it comprises three USA entities; Iofina Resources, Iofina Chemical and IofinaEX.

Contents

COMPANY INFORMATION

Directors	L J Baller T M Becker W D Bellamy M T Lewin J F Mermoud M C Fallin
Secretary	Simon Holden
Company number	05393357
Registered office	48 Chancery Lane London WC2A 1JF
Auditor	UHY Hacker Young LLP Quadrant House 4 Thomas More Square London E1W 1 YW
Nominated Adviser	finnCap Ltd 60 New Broad Street London EC2M 1JJ
Brokers	finnCap Ltd 60 New Broad Street London EC2M 1JJ
Solicitors	Keystone Law Limited 48 Chancery Lane London WC2A 1JF
Registrar	Link Asset Services 34 Beckenham Road Kent BR3 4TU
Financial PR	Yellow Jersey PR Limited 70-71 Wells Street London W1T 3QE

CHAIRMAN'S STATEMENT

Introduction

As we navigate and adapt to the current environment, I am pleased to report today on another record breaking year for Iofina.

The Group set many records. The Group saw record crystalline iodine production of 602.7 metric tonnes ("MT"), that was on top of record production in 2018. Record revenues and record EBTIDA again on top of record results for 2018. Record volumes of crystalline iodine sold. The Group's 2019 goal to build on the strong success of the previous year was accomplished. All these accomplishments were produced by the strong employee group that Iofina is blessed to have. Iofina management continued to excel as they enabled a healthy, safe and enjoyable work environment for the Group's employees all while leading the Company to new product offerings and strong results. These milestones were hit all while restructuring and reducing debt through the completion of a successful fundraise including an equity conversion, which allowed the Company to focus on its core business of iodine production and expand into the emerging CBD space.

Construction also began on IO#8 during the period, which was delivered post-period end, on time and on budget. The commissioning of IO#8 has allowed the Company to expand to new geographic regions and construct a plant in which the Group was able to incorporate many improvements to design and process flow.

Iofina Resources

Iofina Resources ("IR") had a record year of crystalline iodine production totalling 602.7MT continuing its trend of year on year growth. There were several plant improvements undertaken in 2019 as the Group installed updated scrubber systems at all plants and installed vacuum trap drying systems at IO#4 and IO#6. There was favourable raw material pricing through supplier negotiations for all chemicals throughout IR's supply chain, and IR continued to improve overall efficiency across the field while maximizing water volumes delivered to the plants. The preventive service and maintenance department was expanded going into 2020. IR has worked to improve operational communication at both field and corporate levels with existing partners.

Coupled with these operational advancements, IR fast tracked the development of IO#8. This plant is in a different producing area approximately 100 miles from our existing operations, in an area that has new wells drilled, completed and tied-in. Unlike our other plants, which are located alongside saltwater disposal wells owned and operated by the exploration and production companies themselves, IO#8 is located at a third-party commercial saltwater disposal facility. We believe that the interest of this commercial saltwater disposal partner is well aligned with Iofina and diversifies the Group's business model. The independent commercial saltwater disposal sites are in the business of disposing of as much water as possible. Our business is to process as much iodine rich brine as possible. IR has the knowledge and expertise to identify the iodine rich water and the saltwater disposal operator has access to these waters. This should lead to a beneficial partnership in the long term.

The Group recently reported a reduction in brine supply to IO#8. Generally, new hydrocarbon production is not hedged and this likely caused producers to shut their wells in response to low price and lack of storage capacity, however Iofina views this as a short term event and, once oil demand and prices recover, believes brine supply is likely to recover in H2 2020.

IR had been testing multiple areas during the first half of the year in preparation for the successful fundraise to build out IO#8. Once the fundraise was completed last June, Iofina moved rapidly to contract our preferred sites. IR ordered critical components for the new plant in August and commenced construction on 18 September 2019. By year end IR had poured concrete and erected most of the steel structures and the buildings. The plant was finally commissioned on 4 April 2020. The speed and efficiency to complete this plant on time and within budget was a huge accomplishment by the IR team and our construction partners.

Exploration efforts were extremely broad and diversified in 2019. We continued to sample and test brine streams throughout the lower 48 states in all major oil and gas basins. As we high graded areas we have increased testing frequency. We have seen that, with the recent volatility in the oil and gas markets, operators of disposal sites are interested in our business proposition which can provide them with an additional revenue stream. We also believe additional opportunities may arise as oil and gas asset valuations continue to trend downwards. We will continue to diversify our business through possible different arrangements with producers, disposal site operators and company owned brine wells.

Iofina Chemical
Iofina Chemical ("IC") had record sales of $29,245,228, exceeding the Group's internal budget. The IC laboratory commissioned new gas chromatograph equipment to complete ultra-high purity requirements for IC's specialty gas business, enabling IC to meet and exceed the needs of its customers. IC also installed plant upgrades across various products lines which resulted in increased capacities and efficiencies in some of these processes. In December 2019, IC implemented its first 24/7 operation of select product lines to meet demand. The division has, and continues, to focus strongly on its quality control. In 2019 IC hired numerous key personnel including a new plant manager, quality control manager, engineering manager and chemists as it continues to add experienced team members to its workforce. Reportable incidents declined 20% in 2019.

IC supplies the global market with high quality iodine and other specialty chemicals. IC focuses both on meeting the needs of existing customers, while cultivating new customers. Part of IC's culture is to work with our customers to meet or exceed their expectations. IC continues to work on new product development. New product development opportunities are often a result of cooperation of IC with organizations with potential new applications of products in the core expertise of IC's business. Working closely with, and sharing expertise with, potential customers on new products serves IC well and develops lasting, mutually beneficial relationships.

IofinaEX
IofinaEX was created in 2019 to focus on the rapidly growing research and production of cannabidiol (CBD) and other cannabinoids from hemp, with a focus on the isolation of purified CBD products. Entry into this market was made possible by the 2018 United States Farm Bill passed on December 20, 2018. This Bill legalized the production of hemp as an agricultural commodity in the United States. In 2019 IofinaEX applied for and was granted a Processor/Handler license for hemp and products produced from hemp in the state of Kentucky. The Group was, however, cautious not to disrupt its core business of iodine production and specialty chemical manufacturing.

IofinaEx purchased hemp for development in Q3 2019 and has successfully been able to isolate its first CBD oil product from hemp at its plant in Kentucky, USA. The division also entered into the production of specialty hemp seed varieties through its $0.9m investment into Organic Vines LLP, which was made on the basis that it would provide valuable insight into the CBD space and also produce a positive cash return within twelve months. We remain confident that the Group will see a solid return on its investment in the coming months.

The Group continues to explore ways to exploit this industry but in no different way than any of the Group's other specialty chemical compounds. With the advent of United States Food and Drug

Administration's ("FDA") confusion in 2019 and the recent COVID-19 pandemic, this industry is currently in a consolidation and evolution phase and the Group's progress has slowed under COVID-19 as Iofina focuses on the core business.

Iodine Prices

Iodine prices rose over 20% in 2019 and, moving into 2020, the spot price was generally in the mid $30's/kg, as a result of the continuing demand for iodine and a tightness in supply. The Board believes that contract and spot iodine prices will continue to increase in 2020, coinciding with the Group's expansion with the addition of new iodine plants. Iodine prices have remained stable since the Company's 25 February 2020 statement, and into the start of Q2. Global large volume spot sales of iodine at the end of that period were at around $35- 37/kg, a significant rise on last year's spot price (Q1 2019: ~$28/kg).

Environment, Health and Safety ("EHS")

Iofina is committed to operating in a safe, efficient and environmentally friendly manner. The Group is committed to the highest standards of safety for our employees and our community. Iofina's iodine production utilizes a produced brine stream which, without Iofina, would simply dispose of the contained iodide. Isolation of this valued resource from a produce stream is accomplished in contrast to other major US based iodine production, which requires the drilling of new brine wells which serve no other purpose than iodine production and come at an additional environmental cost. The Group is constantly striving towards continuous improvements in its EHS policies and programs. Iofina Chemical is a Chemstewards® certified facility (recertified in 2018). Iofina Resources and Iofina Chemical each have an EHS manager to oversee practices, and upper management personnel are regularly updated on EHS performance matrices. Iofina has recently implemented further safety initiatives in the wake of the COVID-19 pandemic to protect its employees.

Strong Board and Governance

The Directors continue to acknowledge the importance of high standards of corporate governance. The Group's Corporate Governance Statement is found on page 20 of this report. Given the Group's size and the constitution of the Board, the Directors decided to adopt the principles set out in the QCA Corporate Governance Code published in April 2018 (the "QCA Code") in advance of the requirement to adopt a corporate governance code under AIM Rule 26 of the AIM Rules for Companies. In addition, we continue to operate a robust framework of systems and controls to maintain high standards throughout the Group, further details of which can be found in the Corporate Governance Statement. The Board believes that effective corporate governance assists us in the delivery of our corporate strategy, the sustainable generation of shareholder value and the safeguarding of our stakeholders' long-term interests. We continue to strengthen the Board by adding independent appointments that have the interest of all shareholders at the forefront. Iofina will continue to seek a diverse board with strong skillsets that continue to grow and challenge the Company. The Board is excited about the recent appointment of the former Governor of the State of Oklahoma and former US Congresswoman for Oklahoma in the United States. Mrs. Mary Fallin brings a strong set of unique experience that will enhance the Board of Iofina as it continues to deliver on its strategy.

Outlook

The directors believe that the next few years will see a paradigm shift for Iofina, as the restrictions of our historical debt to EBITDA ratio will be lifted thanks to our growing EBITDA and reduced debt. The cashflow generation will be able to compound and should allow the Group to pay off debt while affording controlled growth that the Group has not been allowed since 2013. Iofina will focus on growing its core iodine production and chemical compounds businesses while exploring new chemical compounds. While we expect the Company to see some impact from the COVID-19 pandemic, we are confident that we are in a strong position based on our unique product offering and diversity of products within the Group. Iofina has been able to produce 24/7 at our legacy plants throughout the current crisis, being deemed an essential industry across all product lines. We are also confident that iodine prices will remain robust going forward due to the versatility of the compound and its numerous applications. All that being said, the changes that are brought forward by COVID-19 will be widespread and unprecedented and we, like most other industries, will need to adjust accordingly.

Lance J Baller
Non-Executive Chairman
Iofina plc
26 May 2020

FINANCIAL REVIEW

Summary 2019 v 2018

- Revenue increased by 22% from $24.0m to $29.2m
- Gross profit increased by $1.9m (31%) from $6.3m (26% of sales) to $8.2m (28% of sales)
- EBITDA improved by $1.8m (67%) from $2.6m to $4.4m
- Operating profit increased by $1.7m (164%) from $1.1m to $2.8m
- Finance expense decreased from $3.1m to $2.7m
- The derivative liability of $0.4m was credited to income on termination of conversion rights
- Profit before tax was $0.6m compared to a loss before tax of $1.1m
- An equity fundraise generated net proceeds of $8.3m
- Debt balances reduced from $25.6m to $18.2m through repayment and equity conversion
- There was an investment of $0.9m into a related hemp seeds production company
- Capital investment into iodine and chemical plants was $1.7m (2018: $0.9m)
- Cash balances increased by $4.2m from $4.5m to $8.7m
- Debt of $25.6m was restructured with removal of conversion rights and extension of term

Trading results

Total revenue increased by 22% from $24.0m to $29.2m. The key driver behind this increase was sales of crystallised iodine, which increased significantly by $4.8m (83%) from $5.8m to $10.6m. This sales increase reflected average price increases for the year of 18% compared to 2018, and a 54% increase in volumes sold from 273 metric tonnes to 422 metric tonnes. As regards the other product categories, sales revenue from processed iodine derivative compounds was similar to 2018 at $8.9m, with price increases of 12% net of production costs offset by a volume reduction of 12%. Non-iodine revenue was also similar to 2018 at $9.2m, with no significant changes in products or customers.

Gross profit improved by $1.9m (31%) from $6.3m (26% of sales) to $8.2m (28% of sales). Most of this improvement was due to the increase in sales revenue from crystallised iodine, while gross margin from iodine derivatives and non-iodine sales was in line with 2018. Iofina Resources' iodine plant and other production costs per kilogram increased by 7% year on year, partly due to higher maintenance costs. Operating costs of Iofina Chemical's plant were 4% higher than for 2018.

Crystallised iodine production from the four Oklahoma plants in operation in 2018 and 2019 increased by 2% from 589 metric tonnes to 603 metric tonnes. Sales of crystallised iodine, both as raw iodine and in derivative compounds, increased by 22% from 544MT to 665MT. Given the opportunities identified by the Group to maximise the benefit of the increase in iodine prices, there was a further shift in 2019 towards sales of raw iodine, with that category accounting for 63% of sales by volume in 2019 (2018 50%), and processed derivative compounds accounting for 37% (2018 50%).

EBITDA improved by $1.8m (67%) from $2.6m to $4.4m after deducting $3.8m SGA administrative expenses. SGA administrative expenses excluding depreciation and amortisation increased by $0.2m (4%) from $3.6m to $3.8m, much of which is accounted for by the increased $0.2m 2019 non-cash accounting charge for share option costs.

Operating profit after depreciation and amortisation of $1.6m was $2.8m compared to $1.1m for 2018. Depreciation and amortisation expense was in line with 2018 at $1.6m for each year.

Finance expense and derivative liability

Finance expense was $2.7m compared to $3.1m for 2018, and there was a credit to income of $0.4 m compared to a $3.2m credit in 2018 to extinguish the remaining derivative liability in respect of debt to share conversion rights. Stripping out the non-recurring non-cash accounting relating to the now defunct conversion rights (see “Funding” below), there were loan interest charges of $1.6m and an accrual of $0.2m loan arrangement fees for 2019, compared to loan interest charges of $1.3m for 2018. The increase in interest charges reflects the higher rate of interest charged on the restructured debt, as described below.

Profit before tax

With an absence of asset impairments in light of a cleaned up balance sheet, significant improvements in iodine prices, effective relationships with reliable customers, efficient operation of iodine and chemical plants, and ongoing control of overhead costs amplifying the operational gearing of the business, the Group is pleased to report a bottom line profit before and after tax of $0.6m (2018 loss $1.1m).

Fundraise and debt conversion

In June 2019, the Group carried out a successful placing and open offer of its shares that resulted in the receipt of $8.3m (GBP 6.6m) proceeds net of transaction expenses. At the same time one of the two debt holders, Southern Rock Insurance Company Limited, converted $4.2m (75%) of its loan into equity. In total 64.3m new shares representing 33.5% of the enlarged share capital were issued at a price of 16p.The two key objectives of the fundraise were to repay the term loan facility of $3.2m to Stena Investment S.a.r.l., the other debt holder, and to invest approximately $3m into the construction of a new iodine plant in Oklahoma. The Stena facility was repaid in June 2019 and the new plant, IO#8, was completed and commissioned in April 2020. With the further benefit of the $4.2m Southern Rock debt conversion the Group’s total debt was reduced by $7.4m from $25.6m to $18.2m. At 31 December 2019 the Group’s closing share price was 28.3p and its market capitalisation with the benefit of the additional shares was therefore GBP 54.3m ($71.6m) .

Investment

In November 2019 the Group invested $0.9m in Organic Vines OP LLC, a single purpose vehicle controlled by the Group’s chairman and engaged in the production of one growing season’s hemp seeds, on the basis that it would provide valuable insight into the CBD space that the Group wished to explore and exploit, and would also produce a good cash return within twelve months. Reports received suggest that the company is making adequate progress towards achieving its goals.

Capital investment

The Group invested $1.7m (2018 $0.9m) of capital expenditure, of which $0.4m relates to improvements at the Iofina Chemical plant, $1.2m was spent on the construction of Iofina Resources IO#8 plant, and $0.1m on other improvements to the Oklahoma iodine plants. Approximately a further $1.8m is estimated as being spent in 2020 to complete IO#8 plant.

Working capital

Operating cash inflow before changes in working capital was $4.6m compared to $2.4m in 2018. Working capital movements reduced this figure by $1.3m to a net operating cash inflow of $3.3m, the largest movement being a $1.7m increase in receivables related to the increase in 2019 sales compared to 2018. Further principal outflows were capital expenditure of $1.7m, debt repayment of $3.3m, interest paid of $1.6m, and investment in Organic Vines of $0.9m, offset by the net fundraise proceeds of $8.3m, resulting in an overall net cash inflow of $4.2m, which increased the cash balances from $4.5m to $8.7m.

Funding

Secured debt repayable at 31 December 2018 totalled $25.6m, comprising $22.4m Convertible Loan Notes and $3.2m Term Loan, and was due for repayment by 1 June 2019. The debt was refinanced through revised arrangements with the lenders executed on 29 March 2019. The key differentiating features of the revised arrangements are that the repayment date is extended to 1 July 2020, the Loan Notes are no longer convertible into shares, interest rates rise from 5% for the Loan Notes and 6% for the Term Loan to 7.5% per annum for all debt, rising to 12% per annum for the Term Loan from 1 July 2019, there is an arrangement fee of 1% of amounts refinanced, and interest is to be paid quarterly in arrears from 1 January 2019 with no option to defer and capitalise it.

Malcolm Lewin

Malcolm Lewin
Chief Financial Officer
Iofina plc
26 May 2020

DIRECTORS' BIOGRAPHIES

Lance J. Baller, Non-Executive Chairman

Mr. Baller was co-founder, CEO and President of Iofina Plc prior to his departure for health reasons in June 2013. Mr. Baller was the Group's Finance Director from 2007 until his appointment as CEO in 2010. Mr. Baller returned as Chairman in April 2014. Mr. Baller is the former managing partner of The Elevation Fund and Elevation Capital Management. Mr. Baller is the former managing partner of Shortline Equity Partners, Inc., a mid-market merger and acquisitions consulting and investment company in the United States. He has actively served on the investment, audit, corporate governance and compensation committees, while on the board of directors of companies in Asia and North America. Mr. Baller is also a former vice president of mergers and acquisitions, financing and corporate development at Integrated Biopharma, Inc., and prior to this a vice president of the investment banking firms UBS AG and Morgan Stanley. He has served as Chairman to various companies and has led successful restructurings. Mr. Baller is on the board of trustees of Index Funds and also serves as the chairman of the audit committee and as the audit committee financial expert under the Sarbanes-Oxley Act of the United States for Index Funds.

Dr. Thomas M. Becker, Chief Executive Officer

Dr. Becker has served as President/CEO of Iofina plc since 2014 and has led Iofina Chemical since March 2010. Previously, Dr. Becker was the Vice President of Research and Development at H&S/Iofina Chemical. Iofina bought H&S in July 2009. Dr. Becker has conducted extensive research in both inorganic and organic halogen-based chemistry. Dr. Becker has written a magnitude of published technical papers in his career. Prior to H&S Dr. Becker worked as an Oak Ridge Scholar on behalf of the US EPA and for various other chemical manufacturing companies. Dr. Becker earned a BS in Chemistry from Indiana University, and a PhD in Chemistry from the University of Cincinnati. He has extensive experience in scale-up of chemical processes from laboratory to pilot to full scale production. Dr. Becker is a former member of the Board of Governors of the Society of Chemical Manufacturers and Affiliates ("SOCMA").

Dr. William D. Bellamy, Non-Executive Director

Dr. Bellamy is the former Senior Vice President of the Water Business Group at CH2M HILL, Inc. ("CH2M"), a company he has worked at for 30 years until his recent retirement. CH2M is one of the largest consulting engineering companies in the world, providing leadership and strategic direction for the water business and application of technologies worldwide. Dr. Bellamy has participated in energy and sustainability forums, including as a panellist at the World Future Energy Conference in Abu Dhabi, the World Bank Sustainable Cities Symposium and the Future of Water Economic Forum. Dr. Bellamy serves as Professor of Practice at the University of Wyoming, where he teaches graduate courses and is responsible for securing grants and research funding in the areas of water resources, water treatment and sustainable energy development. Dr. Bellamy has a PhD in Civil Engineering from Colorado State University, an MSc in Civil (Environmental) Engineering from the University of Wyoming and a BSc in Electrical (Bio-Medical) Engineering from the University of Wyoming.

Malcolm T. Lewin, Chief Financial Officer

Mr. Lewin was named CFO and a director of the Group in November 2016 after having joined Iofina as interim CFO in February 2016. Mr. Lewin is based in the UK and has over 30 years of experience in finance and accounting for both public and private companies. As well as being a partner in a chartered accounting firm for 11 years, he has acted for various companies listed on AIM and other exchanges. In particular, from 2000 to 2003 he was the Finance Director of Oxford Metrics plc, an AIM company supplying motion capture and visual geometry systems. From 2004 to 2006 he was the Finance Director of Real Estate Investors plc, an AIM property investment company with interests in quality commercial and industrial properties. From 2006 to 2011 he was a Director and CFO of Hunter Bay Minerals plc, a junior mining company listed on the Toronto Venture Exchange with interests in South America and Canada. From 2011 to 2014 he was CFO and Treasurer of VolitionRX Limited, an OTC life sciences company focused on developing blood tests for a broad range of cancer types and other conditions. Mr. Lewin has an MA in Classics from Oxford University and qualified as a chartered accountant with Coopers & Lybrand.

J. Frank Mermoud, Non-Executive Director

Mr. Mermoud has more than 30 years' experience in international business, facilitating trade and investment in both the public and private sectors. He has held senior international, economic and commercial policy positions within the United States Government having served as the Secretary of State's Special Representative for Commercial and Business Affairs at U.S. Department of State from 2002 to 2009. Mr. Mermoud is also a Non-Executive Director of Cub Energy Inc. an oil and gas company headquartered in Houston, Texas.

Mary C. Fallin, Non-Executive Director

Mary Fallin has served the State of Oklahoma for over 30 years. She was elected the first female Governor of the State in 2010, and was re-elected for a second term in 2014. Prior to serving as Governor she held a number of state and federal positions, including serving as US Congresswoman for Oklahoma's 5th district between 2007-2011 and serving as Lieutenant Governor of Oklahoma between 1995-2006. Mary has been a major contributor to natural resources industries in Oklahoma, and implemented the State's first comprehensive energy plan as well as its State-wide water plan. She has held several positions, including Chair of the Southern State Energy Board, Chair of the Interstate Oil & Gas Compact Commission, and has served on the natural resource committee of the National Governors Association (NGA). Previously, she also served on the United States House of Representatives Committee on Small Business, was Small Business Chairman on the Republican Policy Committee, and was named the "Guardian of Small Business" by the National Federation of Independent Business. Mary has also served on numerous Boards of Directors for both commercial organizations and non-profits.

STRATEGIC REPORT

Principal activities and review of the business

Iofina plc ("Iofina" or the "Company") is the holding company of a group of companies (the "Group") involved in the exploration and isolation of iodine and the production of specialty chemicals. Iodide in brine water is sourced from partnerships with oil and gas operators, and saltwater disposal ("SWD") operators in the United States and is used as a raw material for the production of iodine at the Group's multiple IOsorb® plants. The Group's unique business model isolates a resource, iodine, from a produced waste stream that, without Iofina's technology, would be lost. Iodine containing or other specialty chemicals are produced at and sold through the Company's wholly owned subsidiary Iofina Chemical, Inc., with the major raw material being the Group's produced iodine. Additionally, the Group's crystalline IOflo® iodine is sold directly to other iodine end-users. In 2019, Iofina announced the creation of IofinaEX Inc. to explore the use of the technical and specialty chemical expertise within the Group to isolate cannabinoids such as CBD from hemp.

Iodine is a rare element that is produced only in a few countries in the world, with approximately 90 percent produced from Chile (~60 percent) and Japan (~30 percent, including recycled waste streams). Iodine is a unique element with numerous applications. Iodine and compounds made from iodine have many human health related applications including; x-ray contrast agents, manufacturing of pharmaceuticals, antiseptics, proper thyroid function, and others. Additional high volume uses of iodine include; LCD screen technology, animal feed additives, biocides, catalysts and more. The Group produces iodine in the United States where the overall global iodine production is only a small percentage of the world's total production, but where there is a large consumption of the world's iodine by various manufacturers.

Iofina Resources, Inc. is the Group's wholly owned subsidiary which uses proprietary Wellhead Extraction Technology® (WET®) and WET® IOsorb® methods to produce iodine from brine. The Directors of the Company believe that Iofina's unique business model for the production of iodine by utilizing produced brine from third party oil and gas production is advantageous for long term raw material sourcing and minimised production and expansion costs. The ability of the Group to expand its iodine production quickly, at low cost, differentiates Iofina from other iodine producers. This has been proven from the recent expansion of production and opening of IO#7 and IO#8. Economically viable iodide rich brine is not common and the Group's proprietary geological model to locate and anticipate iodide rich sources is unique.

The main focus of Iofina's current business model is the production of iodine from brine and the creation and sales of specialty chemicals through Iofina Chemical. The Directors feel strongly that diversification of the business while focusing on our core expertise is important. Iofina Resources diversifies its iodine production through multiple IOsorb® production plants with multiple brine suppliers in our core area in western Oklahoma. The technology the Group has developed, utilizing a waste resource already being produced, allows Iofina the ability to expand its operations quickly with minimal capital expenditure. Continued prudent growth in the number of IOsorb® plants increases production, profit and diversification. Continued expansion of the Group's geological model provides opportunities for Iofina outside of its current core area. Iofina Chemical produces many iodine-based products with applications in various industries including agricultural, pharmaceutical, biocides and others. Additional diversification is realised by the production of non-iodine-based products at Iofina

Chemical. Markets for various products can change, and Iofina Chemical's ability to produce a variety of products allows the Group to take advantage of growing markets while not being as affected by temporarily depressed or declining markets. Creating strong, transparent, long-term, mutually beneficial customer relationships are a fundamental tenant for Iofina Chemical. Research and Development remain a top focus at Iofina in order to improve on current systems, and be at the forefront of new technologies, new specialty chemical products and applications in our core competencies. IofinaEX is a new endeavour for the Group. The purpose of this new subsidiary is to investigate and develop technologies, based on Iofina's specialty chemical experience, to isolate CBD and other cannabinoid-based products from hemp.

Iodine prices are a key consideration for the Group. Since 2011, iodine price fluctuations have been rather dramatic compared to iodine prices changes before 2011. Market supply and demand changes as well as manufacturing cost increases for iodine are the major factors influencing the price of iodine. In 2011, the combination of the Fukushima disaster in Japan and Chilean supply disruptions resulted in a shortage of iodine and a spike in iodine prices which resulted in iodine prices reaching all-time highs. Since that time, iodine prices have fallen dramatically from these highs as Chilean production increases caused an over-supply condition in the market for a time as iodine producers were aggressively competing for market share. Iodine prices hit a low near the end of 2016 and into early 2017. From the beginning of 2017 through the end of 2019 iodine spot prices have risen by over 65%. Iodine prices have continued this upward trend in early 2020. As an iodine manufacturer, iodine prices have a significant impact on the Group's gross profit margins. At the end of 2019 the Group expected iodine prices to continue to rise in 2020, and in Q1 2020 iodine prices were higher than Q4 2019. With the global economic slowdown as a result of the COVID-19 pandemic, the Company is less certain on future iodine prices, but to date has not seen a significant change in pricing from Q1 2020.

The Directors properly recognized that as the Company erected its IOsorb® plants, it was imperative for Iofina's iodine production costs to be amongst the lowest in the industry to be competitive. Between 2014 and 2017 numerous initiatives were successfully implemented to optimise Iofina's technology and lower iodine production costs. Once a majority of these process cost optimisation goals were achieved, and iodine market conditions were positive, the Directors executed the next phase of Iofina's business plan and began a growth strategy. In early 2018 the Group's iodine plant, IO#7, was completed. By expanding our operations and building IO#7, the Group has successfully lowered overall iodine production costs compared to costs before IO#7. The Directors continued this prudent growth strategy in 2019. In Q2 2019 the company performed an equity raise to reduce debt and provide working capital for expansion projects (see note 22). The result was the construction of IO#8 which began in late 2019 and was completed in early April 2020. Brine supply to IO#8 has recently been impacted by the shut-in of wells which is a consequence of low oil prices. Iofina Chemical continues to be recognised as a world-renowned halogen specialty chemical producer. Vertical integration of the Group's iodine into iodine derivatives gives Iofina's customers stability of supply in addition to the long-standing quality and technical support to Iofina's global customers for the goods sold to them. Additionally, the non-iodine-based halogen derivatives produced by Iofina Chemical gives the Group further diversity.

Key Performance Indicators

The directors review a range of financial indicators to assess and manage the Group's performance, including the following relating to revenue and iodine production:

	Year ended 31 December 2019	Year ended 31 December 2018
Revenue from sales of iodine and iodine derivatives	$20,094,135	$14,794,238
Revenue from non-iodine products	$9,151,093	$9,164,051
Total revenue	$29,245,228	$23,958,289
Total pounds of product shipped	2,255,840	2,032,551
Metric tonnes of crystallised iodine produced	603	589
IOsorb® plants in operation (year-end)	4	4

Commentary on the above indicators is to be found in the Chairman's Statement on pages 3 to 6.

Further commentary on the results for the year and the financial position at the year-end is to be found in the Financial Review on pages 7 to 9.

Objectives

At the end of 2019 the Group had four operating IOsorb® iodine production facilities in the Group's core area in Oklahoma and another plant under construction. While the theoretical capacity of these plants is very high, the practical capacity of the plants is somewhat lower. Practical capacity takes into account multiple causes of downtime, including weather, repairs and maintenance, inadequate brine (low parts per million of iodine, heavily contaminated brine or little to no supply), power outages and other conditions. As we have proven our technology and continue to improve operations at current facilities, more accurate practical capacity operating targets have been realised as well as improvements for maximising practical capacity.

Iofina Resources' unique business model allows the group to determine sites for new iodine production plants utilizing existing brine produced from oil/gas production and quickly bring these sites into production. The continued execution of this prudent growth strategy was continued with the start of construction of IO#8 in late 2019 which was completed in April 2020. While technology and efficiency improvements at current facilities remain an ongoing priority, the Company continues to explore new iodine production opportunities. This objective of strategic expansion in 2019 and beyond is focused on sites that will continue to improve Iofina's output with low production costs. Brine supply to our IOsorb® plants can be affected by regulatory changes and adjustments of our partner's saltwater disposal systems and oil production programs. Iofina continues to work with its partners to implement plans to maximize brine input and iodine output at each of our existing sites. The mutually beneficial relationship between Iofina and its brine supply partners, which allows Iofina to create iodine and allows the brine suppliers to realize value from a waste stream, is a key component for existing projects and potentially for future sites. Continued efforts by our business development and geological teams have identified numerous other expansion opportunities that the Company will continue to evaluate and potentially execute, with current and other potential brine supply partners, when management determines proper timing for new sites.

Timing of future iodine production growth will be dependent on various factors including the stability or increase of iodine prices (which increased by over 65 percent from the beginning of 2017), global iodine demand, availability and costs to produce iodine at new sites, partnership agreements, oil prices and production, and the regulatory landscape with respect to brine injection. With the recent reduction of oil prices, the Group is focused on evaluating alternative brine sourcing opportunities which may allow the Group to better control brine supply at future sites. The Directors are focused on expansion in a prudent manner whilst properly managing the current debt and cash flow of the organisation. Expansion in 2020 is likely assuming the effects of COVID-19 are short lived and do not impact the global iodine markets or USA oil/gas production negatively long-term.

Iofina Chemical has continued to invest in current products lines, safety improvements, and new product R&D. Capital investment projects completed in 2019 include upgraded equipment for isolation and drying of solids and capacity increases for methyl fluoride production. The R&D and the sales groups continue to investigate and research new opportunities for and applications of our existing portfolio of products, as well as identify and produce new halogen-based derivatives for the Group in order to grow our halogen derivatives business. As Iofina Resources has continued to increase iodine production, the sales team has developed new outlets for this increased production of iodine including direct sales of the Groups crystalline IOflo® iodine directly to iodine consumers. Managing existing and developing new sales channels and relationships, as Iofina continues to grow, is a high priority for the sales force at Iofina Chemical.

IofinaEX is exploring extraction of cannabinoid-based products from hemp. IofinaEX has obtained a processor handler license in the state of Kentucky and is developing technologies using the Group's specialty chemical expertise, to isolate CBD type products for this growing market. Iofina is committed to only isolate compounds from hemp, which are fully legal in the USA, and NOT marijuana. Recently in early 2020, Iofina has focused research efforts towards its core businesses and therefore progress under IofinaEX has slowed. This was a strategic decision made by management to focus on our core business during COVID-19 and continue to evaluate the ever-changing CBD market where pricing for both hemp biomass and products isolated from hemp have dropped significantly. IofinaEX does continue to look and evaluate projects in this space but will do so conservatively to protect shareholder value. In 2019 the Group participated in a one-off investment in a hemp seed project with Organic Vines OP to gain knowledge and to achieve up to a 2x's return on investment. The Group has also explored other Global opportunities in this space, but as of now has decided to focus on USA based opportunities. IofinaEX will continue to evaluate this market cautiously before proceeding with any ramp-up of production.

Lastly, the Directors are committed to employee retention whilst controlling costs. Employee safety, and training are also key objectives for the Group. A key component for the Group is the high operational gearing whereby the Group's business model allows for the control of administrative and fixed expenses whilst expanding operations.

Principal risks and uncertainties

Iofina plc is subject to a number of risks and uncertainties, which could have a material effect on its business, operations or future performance, including but not limited to:

Raw Materials: Brine water produced from oil and gas operations is the raw material source for Iofina's iodine production. The Group continues to evaluate opportunities to integrate its IOsorb® process into produced brine water streams associated with hydrocarbon operations in the USA, as well as other brine stream sources throughout the world. However, there is significant risk and no guarantee as to the volume of commercial quantities of iodide rich brine available to our current and future IOsorb® plants. Oil and gas prices and demand for these hydrocarbons, generally will dictate whether our partners continue to expand their production or possibly reduce hydrocarbon output. Changes in hydrocarbon production by our partners will change the total brine availability to isolate iodine and thus the iodine output of our IOsorb® plants. Iofina maintains good relationships with our partners who provide the brine water to our existing IOsorb® plants. Maintaining a positive, mutually beneficial relationship with our brine suppliers is a top priority for the Group. By continuing an aggressive water testing program and active exploration utilising geology and data analytics and incorporating reservoir and production engineering, we are constantly evaluating new potential locations for iodine extraction in our core area and in other locations.

Iofina Chemical sources raw materials throughout the globe. Understanding the supply chain of these materials is important to minimise supply disruptions. Iofina Chemical has long term relationships with many of its suppliers. Additionally, when possible, Iofina Chemical sources materials from multiple suppliers to reduce risk. Increased regulations can adversely affect availability and cost of materials.

Environmental: The Group's operations are subject to the environmental risks inherent in the exploration and chemical industries. The Group is subject to environmental laws and regulations in connection with all of its operations. Although the Group intends to be in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other circumstances that could expose the Group to extensive liability. Accordingly, the Group promotes wherever possible environmental sustainability in its working practices and seeks to minimise, mitigate or remedy any harmful effects from the Group's operations on the environment at each of its operational sites. Regulations on brine injections in the state of Oklahoma into the Arbuckle geological formation in the Group's core area due to seismic activity were implemented mainly in late 2015 to early 2016 and have affected Iofina's partners' brine disposal into this formation near some of our sites. This reduced some brine availability to Iofina at some sites. The Group and its partners have implemented and continue to implement strategies to minimise the effect on the availability of iodine rich brine to Iofina due to these regulations. Moving forward the Group and its partners will continue to monitor these risks and act accordingly. While the frequency and intensity of earthquakes have significantly reduced in Oklahoma, and this reduction is likely a result of regulated changes in brine disposal into the Arbuckle formation, there is still risk of additional earthquakes and regulation moving forward. As a specialty chemical manufacturer, new regulations based on chemical use, adverse human health or envirommental impact are a risk and may lead to higher costs or controlled production. The Group has a robust Environmental, Health and Safety program and strives for continual improvement in this area. Additionally, Iofina Chemical is a certified Chemstewards® facility.

Iodine Price volatility: The demand for, and prices of, iodine are highly dependent on a variety of factors including international supply and demand, the level of consumer product demand, the price and availability of alternatives, actions taken by governments and global economic and political developments. Fluctuations in iodine prices and, in particular, a material decline in the price of iodine would have a material adverse effect on the Group's business, financial condition and operations. Over the last few years, iodine prices have risen significantly from lows in early 2017. These increases are a positive sign for the Group but are not guaranteed to continue, although prices for iodine in early 2020 have continued to rise from year-end 2019 prices. The Group stands to benefit directly from increases in iodine prices.

Key customers: There are a limited number of potential customers who purchase many of the products of the Group's chemical business, which makes relationships with these customers, as well as the success of those customers' businesses, critical to the Group's success. The loss of one or more major customers could harm the business, operating results and financial condition of the Group. Iofina is continuing to diversify its customer base in its Chemical subsidiary. In addition, Iofina works closely with all of its customers to develop strong relationships, with a significant focus on ensuring that its products and services meet the needs of its customers and are of the highest quality. In 2019, 15 percent (2018; 18 percent) of revenue recognised was attributable to one long term customer. Relations with this customer are good.

Key Partners: Iofina partners with third party oil and gas producers and salt water disposal operators to process iodine rich brine they extract with oil and gas production. Fluctuations of oil and gas prices in the US can affect the financial stability of oil and gas producers. Any changes in operator status are a risk to brine production and availability. The Group has agreements with our partners to reduce any risk of change in status.

Regulation and Trade: The businesses are subject to various significant international, federal, state and local regulations currently in effect and scheduled to become effective in the near future, including but not limited to environmental, health and safety and import/export regulations. These regulations are complex, change frequently, can vary from country to country, and have increased over time. Iofina may incur significant expense in order to comply with these regulations or to remedy violations of them.

Any failure by Iofina to comply with applicable government regulations could result in non-compliant portions of our operations being shut down, product recalls or impositions of civil and criminal penalties and, in some cases, prohibition from distributing our products or performing our services until the products and services are brought into compliance, which could significantly affect our operations.

The Group closely monitors regulations across its businesses to ensure that it complies with the relevant laws and regulations. While Iofina does not believe that it is non-compliant with any laws or regulations, any instances of non-compliance would be brought to the attention of the appropriate authorities as soon as possible.

Over the last two years, trade relationships between the USA and other areas of the world have become more unstable. Increased tariffs implemented by the USA and retaliatory tariffs imposed by other governments against the USA have the potential to adversely affect both raw material supply and final product sales for Iofina in certain areas of the world. Iofina has been proactive in reducing the impact of tariffs in our supply and sales lines.

Going concern

In 2019 the Company successfully performed an equity fundraise and reduced the Group's debt, as described in notes 21 and 22 to the financial statements. Repayment of current debt is due 1 July 2020. The Directors are confident through ongoing negotiations with multiple lenders, that a debt solution will be achieved prior to the repayment date. The Group has achieved record EBITDA in 2019 and continues to perform well into early 2020. On this basis, the Directors consider that at this stage of development the Group does not need to raise additional funds to realise its business plan. Based on a successful debt restructure, the Group has prepared forecasts and projections that indicate there are adequate resources to continue in operational existence for the foreseeable future. The Directors therefore consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

On behalf of the board

Lance J. Baller

Lance J. Baller

Non-Executive Chairman
Iofina plc
26 May 2020

STATEMENT IN ACCORDANCE WITH SECTION 172 OF THE COMPANIES ACT 2006

The Directors are required to make a statement which describes how they have behaved with regard to the matters set out in Section 172(1) of the Companies Act 2006, namely:

Duty to promote the success of the company

(a) the likely consequences of any decision in the long-term;
(b) the interests of the company's employees;
(c) the need to foster the company's business relationships with suppliers, customers, and others;
(d) the impact of the company's operations on the community and the environment;
(e) the desirability of the company maintaining a reputation for high standard of business conduct;
(f) the need to act fairly between members of the company.

Section 172 Statement

The Directors insist on high operating standards and fiscal discipline and routinely engage with management and employees of the company to understand the underlying issues within the organization. Additionally, the Board looks outside the organization at macro factors affecting the business. The Directors consider all known facts when developing strategic decisions and long-term plans, taking into account their likely consequences for the Company.

The Directors and management are committed to the interests and well-being of Iofina's employees. Iofina is committed to the highest levels of integrity and transparency possible with employees and other stakeholders. Safety initiatives, consistent training, strong benefit packages and open dialogue between all employees are just a few of the ways the Company ensures its employees improve skill sets and work hand-in-hand with management to improve all aspects of the Group's performance.

Other stakeholders include, customers, suppliers, debt holders, industry associations, government and regulatory agencies, media, local communities and shareholders. The Board, both individually and together, consider that they have acted in the way they consider would be most likely to promote the success of the Company as a whole. In order to do this, there is a process of dialogue with stakeholders to understand the issues that they might have. Iofina believes that any supplier/customer relationship must be mutually beneficial and the Company is known for its commitment to details to its customers. Communications with debt holders and shareholders occur on an ongoing basis and as questions arise. The company also communicates through media interviews and Twitter.

The Directors are committed to positive involvement in the local communities where we operate. Part of this commitment is our program "Iofina Gives Back', where Iofina supports local charities by donating time and goods. Additionally, Iofina strictly follows environmental regulations at its sites and supports sustainability practices where possible.

Integrity is a key tenet for Iofina's Directors and employees. Iofina believes that any partnership must benefit both parties. We strive to provide our stakeholders with timely and informative responses and are always striving to meet or exceed customers' needs.

The Board recognises its responsibilities under section 172 as outlined above and has acted at all times in a way consistent with promoting the success of the Company with regard to all stakeholders.

CORPORATE GOVERNANCE

It is the Chairman's responsibility, working with Board colleagues, to ensure that good standards of corporate governance are embraced throughout the Group. As a Board, we set clear expectations concerning the Group's culture, values and behaviours.

The Directors acknowledge the importance of high standards of corporate governance. Given the Group's size and the constitution of the Board, the Company adopted The QCA Corporate Governance Code. The Group continues to review and improve its investment in good governance initiatives, and further details are provided in the Corporate Governance section of this report.

The Board comprises six Directors: the Non-Executive Chairman, two full time Executive Directors and three Non-Executive Directors (each of whom are considered by the Board to be independent), reflecting a blend of different experiences and backgrounds. The function of the Chairman is to supervise and manage the Board and to ensure its effective control of the business. The Board believes that the composition of the Board brings a desirable range of skills and experience given the Group's challenges and opportunities as a publicly quoted company, while at the same time ensuring that no individual (or group of individuals) can dominate the Board's decision-making.

The Board meets regularly to review, formulate and approve the Group's strategy, budgets, corporate actions and oversee the Group's progress towards its goals. The Board has established the following committees to fulfil specific functions, each with formally delegated duties and responsibilities (details of which can be found on our website; see: **http://www.iofina.com/about/committees**): the Audit Committee and the Remuneration Committee. These committees meet on a regular basis and at least two times a year. The Board has elected not to constitute a dedicated nomination committee, instead retaining such decision making with the Board as a whole. This approach is considered appropriate to enable all Board members to take an active involvement in the consideration of Board candidates and to support the Chair in matters of nomination and succession.

From time to time, separate committees may also be set up by the Board to consider specific issues when the need arises.

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2019.

Strategic report

In accordance with S414C (11) of the Companies Act 2006, included in the Strategic Report on pages 12 to 18 is the review of the business and principal risks and uncertainties. This information would have otherwise been required by Schedule 7 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Directors' Report.

Post balance sheet events

Post balance sheet events are set out in note 28.

Directors' responsibilities for the preparation of the financial statements

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. The directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the Company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides, in relation to such financial statements, that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing the Group and Company financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;
b. make judgements and accounting estimates that are reasonable and prudent;
c. state whether they have been prepared in accordance with IFRSs adopted by the EU;
d. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Iofina plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Results and dividends

The results for the year are set out in the consolidated statement of comprehensive income and detailed in the Financial Review.

The directors do not recommend payment of a dividend.

Financial instruments and risk management

Note 14 details the risk factors for the Group and how these risks are managed, including the degree to which it is appropriate to use financial instruments to mitigate risks.

Directors

The directors who served during the year and subsequently were as follows:

Lance J. Baller, Non-Executive Chairman
Dr. William D. Bellamy, Non-Executive Director
J. Frank Mermoud, Non-Executive Director
Mary C. Fallin, Non-Executive Director (appointed 1 April 2020)
Dr. Thomas M. Becker, Chief Executive Officer and President
Malcolm T. Lewin, Chief Financial Officer

Statement as to disclosure of information to the auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

UHY Hacker Young were appointed as auditors to the Company and in accordance with Section 485 of the Companies Act 2006 a resolution proposing that they be reappointed will be put to the next Annual General Meeting.

On behalf of the Board

Dr. Thomas M. Becker
Chief Executive Officer and President
26 May 2020

CORPORATE GOVERNANCE STATEMENT

The Board believes in the importance of corporate governance and is aware of its responsibility for overall corporate governance, and for supervising the general affairs and business of the Group.

The Company is listed on the AIM market of the London Stock Exchange ("AIM") and is subject to the continuing requirements of the AIM Rules for Companies. With effect from April 2019, the Company has adopted The QCA Corporate Governance Code, as published by the Quoted Companies Alliance (the "QCA Code"). This section provides general information on the Group's adoption of the QCA Code.

Business model, strategy and approach to risk

The Group focuses on the exploration and production of iodine and halogen-based specialty chemical derivatives. We identify, develop, build, own and operate iodine extraction plants, currently focused in North America, based on Iofina's Wellhead Extraction Technology® (WET®) IOsorb® technology. The Group has complete vertical integration from the production of iodine in the field to the manufacture of the chemical end-products derived from iodine to the consumer, and the recycling of iodine using iodinated side-streams from waste chemical processes. We use patented or proprietary processes throughout all business lines. Together these allow us to be the Technology Leaders in Iodine®. The Group's strategy is to continue to focus on the exploration and production of iodine and iodine specialty chemical derivatives, delivering growth throughout our operations. Growth is intended to be achieved with the continued upgrading and expanding of our plants, which in turn will boost the level of iodine production.

All of the Group's activities involve an ongoing assessment of risks and the Group seeks to mitigate such risks where possible. The Board has undertaken an assessment of the principal risks and uncertainties facing the Group, including those that would threaten its business model, future performance, solvency and liquidity. In addition, the Board has considered the longer-term viability of the Group including factors such as the prospects of the Group and its ability to continue in operation for the foreseeable future. The Board considers that the disclosures outlined in the Strategic Report on pages 12 to 18 are appropriate given the stage of development of the business. The Board considers that these disclosures provide the information necessary for shareholders and other stakeholders to assess the Group's future viability and potential requirements for further capital to fund its operations.

Having carried out a review of the level of risks that the Group is taking in pursuit of its strategy, the Board is satisfied that the level of retained risk is appropriate and commensurate with the financial rewards that should result from achievement of its strategy.

Board of Directors

As of the date of this Report the Board comprises six Directors in total: the Non-Executive Chairman, two Executive Directors (being the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO")) and three Non-Executive Directors (each of whom are considered by the Board to be independent), reflecting a blend of different experiences and backgrounds. The skills and experience of the Board are set out in their biographical details on pages 8 and 9. The experience and knowledge of each of the Directors give them the ability to challenge strategy constructively and to scrutinize performance.

The Board is responsible to the shareholders for the proper management of the Group. Both the Board and senior managers are responsible for reviewing and evaluating risk and the Executive Directors meet at least monthly to review ongoing trading performance, discuss budgets and forecasts, and new risks associated with ongoing trading. The entire Board typically meets quarterly to set the overall direction and strategy of the Group, to review operational and financial performance, and to advise on management appointments (if necessary). The Board has also convened, when necessary, by telephone conference during the year to review the strategy and activities of the business. All key operational and investment decisions are subject to Board approval. The Company Secretary is responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with. The number of meetings attended by each Director can be found on page 26.

There is a clear separation of the roles of CEO and Non-Executive Chairman. The Chairman is responsible for overseeing the running of the Board, ensuring that no individual or group dominates the Board's decision making and ensuring the Non-Executive Directors are properly briefed on matters. The CEO has the responsibility for implementing the strategy of the Board and managing the day-to-day business activities of the Group.

Time commitment

On joining the Board, Non-Executive Directors receive a formal appointment letter, which identifies the terms and conditions of their appointment and, in particular, the time commitment expected of them. A potential Director candidate (whether an Executive Director or Non-Executive Director) is required to disclose all significant outside commitments prior to their appointment. The Board is satisfied that both the Chairman and the other Non-Executive Directors are able to devote sufficient time to the Group's business.

Independence of Directors

The Directors acknowledge the importance of the principles of the QCA Code which recommends that a company should have at least two independent Non-Executive Directors. The Board considers it has sufficient independence on the Board and that all the Non-Executive Directors are of sufficient competence and calibre to add strength and objectivity to the Board, and bring considerable experience in industry, operational and financial development of chemical products and companies. Specifically, the Board has considered and determined that since the date of their respective appointments William Bellamy, J. Frank Mermoud and Mary Fallin are independent in character and judgement, specifically that they:

- have not been employees of the Company within the last five years;
- do not have a material business relationship with the Group;
- have no close family ties with any of the Group's advisers, Directors or senior employees;
- do not hold cross-directorships or have significant links with other Directors through involvement in other companies or bodies; and
- do not represent any shareholder.

The Company Secretary maintains a register of outside interests and any potential conflicts of interest are reported to the Board.

If they so wish, the Non-Executive Directors have opportunities to meet without Executive Directors being present (including after Board and Committee meetings). Because the Board is spread out geographically, the majority of communications between Directors is conducted by telephone. However, the Board does convene in person at least once a year, and this presents an opportunity (before, after and between management and operational meetings) for the Non-Executive Directors to meet in person without the Executive Directors being present.

Professional development

Throughout their period in office, the Directors are continually updated on the Group's business, the competitive and regulatory environments in which it operates, corporate social responsibility matters and other changes affecting the Group and the industry it operates in as whole. The updates are usually provided by way of written briefings and meetings with senior management. Directors are also advised on appointment of their legal and other duties and obligations as a director of an AIM-quoted company both in writing and in communications (being face-to-face meetings whenever possible) with the Company's Nomad. The Directors also have recourse to the Company Secretary, a qualified and practising solicitor, who is a recognised practitioner within the AIM community.

All of the Directors are subject to election by shareholders at the first Annual General Meeting of the Company ("**AGM**") after their appointment to the Board. Non-Executive Directors will continue to seek re-election at least once every three years.

Board Committees

There are two committees – the Audit Committee and the Remuneration Committee. Their full terms of reference are published on the Company's website **at http://www.iofina.com/about/committees**.

Audit Committee

During the financial period under review, the members of the Audit Committee were Lance Baller, Dr William Bellamy and J. Frank Mermoud (who became a member on his appointment to the Board). Mr Baller is the Chairman of the Audit Committee. The responsibilities of the committee include the following:

- ensuring that the financial performance of the Group is properly monitored, controlled and reported on;
- reviewing accounting policies, accounting treatment and disclosures in the financial reports;
- meeting the auditors and reviewing reports from the auditors relating to accounts and internal control systems; and
- overseeing the Group's relationship with external auditors, including making recommendations to the Board as to the appointment or re-appointment of the external auditors, reviewing their terms of engagement, and monitoring the external auditors' independence, objectivity and effectiveness.

During the year, the committee met to review audit planning and findings with regard to the Annual Report. In addition, it reviewed the appointment of auditors, and agreed unanimously to re-elect UHY Hacker Young LLP.

Remuneration Committee

During the financial period under review, the members of the Remuneration Committee were Lance Baller, Dr William Bellamy and J. Frank Mermoud (who became a member on his appointment to the Board). Dr Bellamy is the Chairman of the Remuneration Committee. The responsibilities of the committee include the following:

- reviewing the performance of the Executive Directors and setting the scale and structure of their remuneration with due regard to the interest of shareholders;
- overseeing the evaluation of the Executive Directors; and
- determining the vesting of awards, including the setting of any performance criteria in relation to the exercise of share options, granted under the Company's share option plan.

During the year, the committee met to discuss staff remuneration, options packages and bonus schemes.

The Directors' remuneration information is presented on page 28.

Attendance at meetings

The Board meets regularly on a quarterly basis, together with further meetings as required. The Audit and Remuneration Committees meet as required, and try to hold a minimum of two meetings each year.

The Directors attended the following meetings during the year:

	Board	***Audit***	***Remuneration***
Lance Baller	7	2	2
Dr Thomas Becker	7	-	-
Malcolm Lewin	7	-	-
Dr William Bellamy	6	2	2
J. Frank Mermoud	5	2	2

Risk management and internal control

The Board is responsible for the systems of internal controls and for reviewing their effectiveness. The internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss. The Board reviews the effectiveness of these systems annually by considering the risks potentially affecting the Group.

Iofina employs strong financial and management controls within the business. Examples of control procedures include:

- an annual budget set by the Board with regular review of progress;

- regular meetings of Executive Directors and senior management to review management information and follow up on operational issues or investigate any exceptional circumstances;
- clear levels of authority, delegation and management structure; and
- Board review and approval of significant contracts and overall project spend.

The Company's system of internal control is designed to safeguard the Company's assets and to ensure the reliability of information used within the business. The system of controls manages appropriately, rather than eliminates, the risk of failure to achieve business objectives and provides reasonable, but not absolute, assurance against material misstatement or loss. The Group does not consider it necessary to have an internal audit function due to the small size of the administrative function. Instead, there is a detailed monthly review and authorisation of transactions by the CFO and the CEO.

The independent auditors do not perform a comprehensive review of internal control procedures, but do report to the Audit Committee on the outcomes of its annual audit process. The Board confirms that the effectiveness of the system of internal control, covering all material controls including financial, operational and compliance controls and risk management systems, has been reviewed during the year under review and up to the date of approval of the Annual Report.

The Group maintains appropriate insurance cover in respect of actions taken against the Directors because of their roles, as well as against material loss or claims against the Group. The insured values and type of cover are comprehensively reviewed on a periodic basis.

Board effectiveness and performance evaluation

The Board is mindful that it needs to continually monitor and identify ways in which it might improve its performance and recognises that board evaluation is useful for enhancing a board's effectiveness.

The individual contributions of each of the members of the Board are regularly assessed to ensure that: (i) their contribution is relevant and effective; (ii) that they are committed; and (iii) where relevant, they have maintained their independence. The Board intends to review the performance of the team as a unit to ensure that the members of the Board collectively function in an efficient and productive manner. One-third of the Directors must stand for re-election by shareholders annually in rotation and all Directors must stand for re-election at least once every three years.

The Company considers that the Board and its individual members continue to perform effectively, that the Chairman performs his role appropriately and that the process for evaluation of his performance has been conducted in a professional and rigorous manner.

Corporate Social Responsibility
The Board recognises the growing awareness of social, environmental and ethical matters and it endeavours to take into account the interest of the Group's stakeholders, including its investors, employees, suppliers and business partners, when operating the business.

Employment

The Group endeavours to appoint employees with appropriate skills, knowledge and experience for the roles they undertake and thereafter to develop and incentivise staff. The Board recognises its legal responsibility to ensure the wellbeing, safety and welfare of its employees and maintain a safe and healthy working environment for them and for its visitors.

Relations with shareholders

The Board recognises the importance of communication with the Company's shareholders to ensure that its strategy and performance is understood and that it remains accountable to shareholders. Our website has a section dedicated to investor matters and provides useful information for the Company's shareholders (see: **http://iofina.com/investors/**). The Board as a whole is responsible for ensuring that a satisfactory dialogue with shareholders takes place, while the Chairman and the CEO ensure that the views of the shareholders are communicated to the Board as a whole. The Board ensures that the Group's strategic plans have been carefully reviewed in terms of their ability to deliver long-term shareholder value. Fully audited Annual Reports are published, and Interim Results notified via Regulatory News Service announcements. All financial reports and statements are available on the Company's website (see: **http://iofina.com/investors/financial-results**).

During the period under review the Board believes that the communication with shareholders has been effective in that Lance Baller and/or Dr Thomas Becker have had meetings and/or calls with the Company's largest shareholders. Whilst shareholders are typically welcome to attend the Group's AGM, where they have the opportunity to meet the Board and ask questions during an open Q&A session, the ongoing COVID-19 pandemic, and the restrictions on non-essential travel and public gatherings which are currently in place across the world, means that it is highly unlikely that the Company will be able to convene a physical meeting for its 2020 AGM. Shareholders have at least 21 days' notice of the AGM at which the Directors discuss aspects of the Group's performance, following which the shareholders are free to question management in more detail. The Board is committed to continued engagement with its shareholders.

The Board believes that the Group has a strong governance culture and this has been reinforced by the adoption of the QCA Code and recognition of the 10 principles of corporate governance set out in the QCA Code, which the Board continually considers in a manner appropriate for a company of its size. To see how we address the key governance principles defined in the QCA Code please refer to the following link to our website: **https://iofina.com/perch/resources/IOFINAQCA26SEPT2018.pdf**.

Directors' remuneration

Remuneration provided to each director was as follows:

	2019			2018		
	Salary	**Bonus**	**Total $**	**Salary**	**Bonus**	**Total $**
Lance Baller	109,620	-	109,620	109,320	-	109,320
Dr. Thomas Becker	235,600	40,000	275,600	210,800	40,000	250,800
Malcolm Lewin	160,000	30,000	190,000	145,000	30,000	175,000
William Bellamy	30,000	-	30,000	30,000	-	30,000
Frank Mermoud	30,000	-	30,000	3,781	-	3,781
Total	**$565,220**	**$70,000**	**$635,220**	**$498,901**	**$70,000**	**$568,901**

No pension contributions were paid on behalf of the directors in 2018 or 2019.

Directors' and officers' insurance is in place as regards the directors.

The interests of the directors in office as at 31 December 2019 in the shares of the Company at the end of the financial year and the beginning of the financial year or date of appointment, if later, were as follows:

	31 December 2019	**1 January 2019**
L J Baller (1)	4,812,500	4,500,000
Dr. T M Becker	93,750	-
W D Bellamy	46,875	-
M T Lewin	93,750	-
J F Mermoud	23,750	-

(1) Comprised of beneficial ownership of shares.

Certain of the Directors were granted options over shares on 25 July 2019 with an exercise price of 21.3 pence. All options granted to Directors are set out in the table below. No Directors exercised options in 2019.

Name	**2011 Options granted**	**Exercise price per 2011 Option**	**Lapse date**	**2018 Options granted**	**Exercise price per 2018 Option**	**Lapse date**	**2019 Options granted**	**Exercise price per 2019 Option**	**Lapse date**
Dr T Becker	250,000	30p	02/07/21	660,000	16.2p	13/06/28	242,000	21.3p	24/7/29
M Lewin	-	-	-	330,000	16.2p	13/06/28	165,000	21.3p	24/7/29
L Baller	-	-	-	220,000	16.2p	13/06/28	165,000	21.3p	24/7/29
Dr W Bellamy	-	-	-	110,000	16.2p	13/06/28	82,500	21.3p	24/7/29
JF Mermoud	-	-	-	-	-	-	82,500	21.3p	24/7/29

On behalf of the Board

Dr. Thomas M. Becker
Chief Executive Officer and President
26 May 2020

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF IOFINA PLC
FOR THE YEAR ENDED 31 DECEMBER 2019

Opinion

We have audited the financial statements of Iofina Plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statements of Changes in Equity, the Consolidated Cash Flow Statement, the Company Balance sheet, the Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- the Group and Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to the Going Concern section of the Accounting Policies of the Group financial statements which explains that the Group's Term Loan Notes of $18,177,209 fall due for repayment on 1 July 2020 and the Group do not currently have sufficient resources to repay the Term Loan Notes. We understand that discussions and negotiations with potential lenders to refinance these debts are in progress, however, as at the date of signing, no arrangements for repayment have been finalised. Further, due to the recent COVID-19 pandemic, the Group's brine supply has been impacted with the temporary reduction in production at one of the Group's IOSorb plants. Additionally, although there is no apparent decline in revenue, there is uncertainty around demand of the Group's products. These events, the uncertainty over the timing of the refinancing the Group's borrowings coupled with impact of the Covid-19 pandemic, along with the other matters explained in the Going Concern section of the Principal Accounting Policies of the Group financial statements, constitute a material uncertainty that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

The risk

The Group is financed by a mixture of debt and equity. As the Group has Term Loan Notes of $18,177,209 due for repayment on 1 July 2020, which is in excess of their net current assets, this brings into question the ability of the Group to repay these amounts.

Further, due to the recent COVID-19 outbreak, there is uncertainty around the Group’s supply of brine, being a key product for the manufacturing of Iodine and Iodine derivatives, and further the demand for the Group’s products

Given the above factors, we consider going concern to be a significant audit risk area.

The directors' conclusion of the risks and circumstances described in the Going Concern section of the Accounting Policies of the Group financial statements represent a material uncertainty over the ability of the Group and Company to continue as a going concern for a period of at least a year from the date of approval of the financial statements. However, clear and full disclosure of the facts and the directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure and so was the focus of our audit in this area. Auditing standards require that to be reported as a key audit matter.

How our audit addressed the key audit matter

Our audit procedures included:

- We discussed plans for the Group going forward with management, ensuring these had been incorporated into the budgeting and gained an understanding of the ongoing discussions around the refinancing of the Term Loan Notes and the options available to the Group.
- Assessing the transparency and the completeness and accuracy of the matters covered in the going concern disclosure by evaluating management's cashflow projections for the next 12 months and the underlying assumptions.
- We obtained budgets and cashflow forecasts, reviewed the methodology behind these, ensured arithmetically correct and challenged the assumptions.
- We obtained post year end trading results and compared these to budget to ensure budgeting is reasonable and results are in line with expectations.
- We completed sensitivity analysis on the budgets provided to assess the change in turnover or costs that would need to occur to push the Group into a cash negative position.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition Under IFRS 15, the Group shall recognise revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The revenue stream for the group is derived from sales of iodine derivatives, iodine chemicals and ancillary products. All are fundamental to the financial statements and a systematic error in the calculation could lead to a material error. Auditing standards set out a rebuttable risk of fraudulent revenue recognition and consider that this risk should be treated as a significant risk. In this regard, we consider that there is a risk over the occurrence and completeness assertions relating to revenue recognition.	Our audit work included, but was not restricted to: • We tested the completeness of revenue by selecting a sample of items from outside of the Group's accounting system and tracing them to inclusion into the accounting system and agreeing the appropriate revenue recognition. • We tested occurrence of revenue by selecting a sample from inside the Group's accounting system and tracing them to the supporting documentation to confirm the revenue should be recognised. • We audited revenue for cut-off by testing pre and post year-end revenue items on a sample basis to assess whether the revenue items were accounted for in the correct period. • Whilst performing our audit testing we assessed whether the treatment of revenue was in accordance with the correct recognition criteria as per the Group accounting policy. • Assessing whether the Company's accounting policies for revenue recognition are in accordance with the requirements of IFRS 15. **Key observations** We have not found any material issues or errors involving revenue and are therefore satisfied we have assurance over sales recognition and treatment.
Valuation and Impairment review of property plant and equipment Property, plant and equipment are a significant balance in the financial statements with a combined net book value	Our audit work included, but was not restricted to, the following: • We reviewed Management's assessment of forecasted cash flows and challenged significant movements in forecasted cash flows compared to historic performance.

of £17.8m (2018 - £17.4m). The balance is primarily comprised of the IOSorb plants, equipment and machinery and exploration and evaluation assets. IAS 36 Impairment of Assets must be considered, with a robust review of all assets held. The estimated recoverable amount of these balances is subjective due to the inherent uncertainty involved in forecasting and discounting the related future cash flows. At each reporting date the Group considers any indication of impairment to the carrying value of its assets. The assessment is based on expected future cash flows and is carried out on each IOSorb plant as these are separate 'cash generating units'. The directors are required to conduct impairment tests where there is an indication of impairment of the asset. The assessment was based on the future cash flows of each site using a discounted cash flow model (being the 'value in use'). The higher of these amounts, being the recoverable amount, was then compared to the carrying value of fixed assets for that site. Significant management judgement and estimation uncertainty is involved in this area, where the primary inputs are: • Estimating cash flow forecasts; • Selecting an appropriate assumptions such as growth rate and discount rate.	• We reviewed the 2019 forecasts against the actuals to determine Management's historic forecasting accuracy. • We reviewed Management's forecasted cash flows that feed into the discounted cash flow model and challenged assumptions around this with reference to historic results, market trends and future expectations. • We assessed the appropriateness of the growth and discount rates used by Management. • We performed a downside sensitivity analysis and held discussions with Management to assess the likelihood of certain circumstances crystalizing. **Key observations** As a result of the audit procedures we performed and, after considering management's disclosures of the judgements applied by them, we concluded that no impairments are required.
Valuation and Impairment review of investments in subsidiaries and intercompany balances Due to the material size of the investments in, and loans to, the subsidiaries the directors should critically consider if any indicators of impairment exist in relation to the balances.	We discussed with the directors their approach for identifying indicators of impairment within the investments in subsidiaries and intercompany balances. We performed analysis on the impairment review provided by the Directors, challenging the assumptions used and the rationale for no impairment being required in the year.

The estimated recoverable amount of these balances is subjective due to the inherent uncertainty involved in forecasting the profitability of the subsidiaries. Where indicators of impairment have been identified a robust review of the investments held by the Parent Company and any amounts due from subsidiaries to the Parent Company should be undertaken by the directors to confirm the value in use of these amounts and that there are no indications, or requirements for, impairments of the amounts. Significant management judgement and estimation uncertainty is involved in this area, where the primary inputs are: • Estimating cash flow forecasts; • Selecting an appropriate assumptions such as growth rate and discount rate.	Our audit work included, but was not restricted to, the following: • We performed a sensitivity analysis on the key inputs such as a decline in iodine prices and sales growth and concluded that even with an adverse movement in the Group's key assumptions, no potential impairment was identified. • We obtained and reviewed the director's assessment of impairment with regards to investment and loans due from its subsidiaries to ensure the treatment of the balances was in line with IAS 36. • We reviewed the 2019 forecasts against actuals to determine the Directors historic forecasting accuracy. **Key observations** We are satisfied that no impairments are required.
Valuation of Inventory Inventory primarily consists of iodine and iodine derivatives. Inventory should be held at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. As at 31 December 2019 this is valued at £5.8m (2018 - £5.7m). There is a risk that the carrying value in the Group accounts is higher than the recoverable amount and it is therefore materially misstated. Further, there is the added risk of the complexity of the measurement of the costs of conversion of the inventory and the estimates and judgements around this.	Our audit work included, but was not restricted to: • We attended a stocktake at two of the Group's plant locations at the year end, where we observed an inventory count and performed sample testing on inventory held. • We discussed, understood and tested the Group's process for calculating the cost of the finished goods based on the absorption cost. • A sample of products were tested to ensure the product was held at the lower of cost and Net Realisable Value. **Key observations** We did not find any material issues or errors in respect of the valuation of inventory.
Fixed term loan	Our audit work included, but was not restricted to: • We reviewed the contractual documentation of the fixed term loan and the conditions attached.

The Group had previously entered into a convertible loan arrangement which was a complex financial instrument. During the year, the Group was involved in a debt restructure arrangement whereby the convertible loan is currently a fixed term loan. As at year end, this amount to £18m (2018 - £26m). In accordance with IFRS 9, the modification of a liability is treated as an extinguishment of the original liability and recognition of a new liability when the modification is substantial. The terms are deemed to be substantially different if the net present value of the cash flows under the new liability is at least 10% different from the net present value of the remaining cash flows of the existing liability. As such, there is a risk that the valuation and disclosure within the financial statements is not in line with IFRS 9.	• We reviewed management's assessment of net present value of the cash flows under the new fixed term loan. This was compared to the net present value of the remaining cash flows under the previous liability. The difference in cash flow was calculated to be less than 10% different and as such, the loan was treated as a modification as appropriate. **Key observations** The disclosures regarding fixed term loan have been reviewed. We are satisfied that the note in the financial statement is in line with IFRS.

Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements.

We define financial statement materiality as the magnitude by which misstatements, including omissions, could reasonably be expected to influence the economic decisions taken on the basis of the financial statements by reasonably knowledgeable users.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Overall materiality	We determined materiality for the financial statements as a whole to be $298,000.
How we determine it	Based on the main key indicator, being 1% of revenue of the Group.

Rationale for benchmarks applied	We believe 1% of revenue to be the most appropriate benchmark due to the size and the nature of the Company and Group. This is also considered a key performance indicator for the Directors.
Performance materiality	On the basis of our risk assessment, together with our assessment of the Group's control environment, our judgement is that performance materiality for the financial statements should be 75% of materiality at $223,500.

We have determined Parent Company materiality to be £238,000, being 80% of Group materiality. As the company is a holding company materiality was initially based on 1% of gross assets, but this exceeded the Group level therefore was capped at 80% of the Group materiality.

Reporting threshold

We agreed with the Audit Committee that we would report to them all misstatements over $14,900 (5% of Group materiality) identified during the audit, as well as differences below that threshold that, in our view, warrant reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account an understanding of the structure of the Company and the Group, their activities, the accounting processes and controls, and the industry in which they operate. Our planned audit testing was directed accordingly and was focused on areas where we assessed there to be the highest risk of material misstatement.

Our Group audit scope includes all of the Group companies. At the Parent Company level, we also tested the consolidation procedures. The audit team met and communicated regularly throughout the audit with the CFO in order to ensure we had a good knowledge of the business of the Group. During the audit we reassessed and re-evaluated audit risks and tailored our approach accordingly.

The audit testing included substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls and the management of specific risk.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during the audit.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at : www.frc.org.uk/auditorsresponsibilities This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with part 3 of Chapter 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Daniel Hutson (Senior Statutory Auditor)
For and on behalf of
UHY Hacker Young
Chartered Accountants
Statutory Auditor

4 Thomas More Square
London E1W 1YW
26 May 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2019 $	Year ended 31 December 2018 $
Revenue	3	29,245,228	23,958,289
Cost of sales	4	(20,999,775)	(17,651,387)
Gross profit		**8,245,453**	**6,306,902**
Administrative expenses	4	(5,435,492)	(5,241,033)
Operating profit		**2,809,961**	**1,065,869**
Impairment expense	4	–	(2,592,276)
Finance expense	6	(2,668,426)	(3,062,982)
Finance income	7	18,055	974
Revaluation of derivative liability	21	392,835	3,214,166
Profit/(Loss) before taxation	4	**552,425**	**(1,374,249)**
Taxation	8	–	231,233
Profit/(Loss) for the year attributable to owners of the parent		**$552,425**	**$(1,143,016)**
Other comprehensive income – items that may subsequently be reclassified through profit or loss			
Foreign currency differences on translating foreign operations		–	(9,516)
Other comprehensive income for the year, net of income tax		–	**(9,516)**
Total comprehensive income for the year attributable to owners of the parent		**$552,425**	**$(1,152,532)**
Earnings per share attributable to owners of the parent:			
- Basic	9	$0.003	$(0.009)
- Diluted	9	$0.003	–

All activities are classed as continuing.

The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET

	Note	31 December 2019 $	31 December 2018 $
Assets			
Non-current assets			
Intangible assets	10	822,596	1,064,642
Goodwill	11	3,087,251	3,087,251
Property, plant and equipment	12	17,950,874	17,351,258
Total non-current assets		**21,860,721**	**21,503,151**
Current assets			
Inventories	13	6,077,270	5,674,168
Trade and other receivables	15	6,126,450	4,428,004
Investments	16	900,000	–
Cash and cash equivalents	17	8,717,890	4,519,895
Total current assets		**21,821,610**	**14,622,067**
Total assets		**$43,682,331**	**$36,125,218**
Equity and liabilities			
Current liabilities			
Trade and other payables	18	5,982,162	4,970,843
Lease liabilities	19	119,926	–
Term loan notes	21	18,177,209	–
Total current liabilities		**24,279,297**	**4,970,843**
Non-current liabilities			
Lease liabilities	19	174,167	–
Term loan	21	–	3,263,529
Convertible loan notes	21	–	21,550,297
Convertible loan notes – derivative liability	21	–	392,835
Total non-current liabilities		**174,167**	**25,206,661**
Total liabilities		**$24,453,464**	**$30,177,504**
Equity attributable to owners of the parent			
Issued share capital	22	3,106,795	2,292,683
Share premium	22	60,686,595	48,991,647
Share-based payment reserve		1,988,361	1,768,693
Retained earnings		(40,608,562)	(41,160,987)
Foreign currency reserve		(5,944,322)	(5,944,322)
Total equity		**$19,228,867**	**$5,947,714**
Total equity and liabilities		**$43,682,331**	**$36,125,218**

The financial statements on pages 39 to 75 were approved and authorised for issue by the Board and were signed on its behalf on 26 May 2020.

Dr. Thomas M. Becker
Chief Executive Officer and President

The accompanying notes form part of these financial statements.

Company number 05393357

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Attributable to owners of the parent					
	Share capital	Share premium	Share-based payment reserve	Retained earnings	Foreign currency reserve	Total equity
	$	$	$	$	$	$
Balance at 1 January 2018	**$2,292,683**	**$48,991,647**	**$1,634,390**	**$(40,017,971)**	**$(5,934,806)**	**$6,965,943**
Transactions with owners						
Share-based expense	–	–	134,303	–	–	134,303
Total transactions with owners	**–**	**–**	**134,303**	**–**	**–**	**134,303**
Loss for the year attributable to owners of the parent	–	–	–	(1,143,016)	–	(1,143,016)
Other comprehensive income						
Exchange differences on translating foreign operations	–	–	–	–	(9,516)	(9,516)
Total comprehensive income attributable to owners of the parent	–	–	–	**(1,143,016)**	**(9,516)**	**(1,152,532)**
Balance at 31 December 2018	**$2,292,683**	**$48,991,647**	**$1,768,693**	**$(41,160,987)**	**$(5,944,322)**	**$5,947,714**
Transactions with owners						
Issue of shares	814,112	11,694,948	–	–	–	12,509,060
Share-based expense	–	–	219,668	–	–	219,668
Total transactions with owners	**814,112**	**11,694,948**	**219,668**	**–**	**–**	**12,728,728**
Profit for the year attributable to owners of the parent	–	–	–	552,425	–	**552,425**
Total comprehensive income attributable to owners of the parent	–	–	–	**552,425**	–	**552,425**
Balance at 31 December 2019	**$3,106,795**	**$60,686,595**	**$1,988,361**	**$(40,608,562)**	**$(5,944,322)**	**$19,228,867**

CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 December 2019 $	Year ended 31 December 2018 $
Cash flows from operating activities		
Profit/(Loss) before taxation	552,425	(1,374,249)
Adjustments for:		
Depreciation	1,370,014	1,331,317
Amortisation	242,046	245,000
Impairment expense	–	2,213,332
Share-based payments	219,668	134,303
Finance expense	2,668,426	3,062,982
Finance income	(18,055)	(974)
Revaluation of derivative liability	(392,835)	(3,214,166)
Operating cash inflow before changes in working capital	**4,641,689**	**2,397,545**
Changes in working capital		
(Increase)/Decrease in trade and other receivables	(1,698,445)	193,677
(Increase) in inventories	(403,102)	(1,360,668)
Increase in trade and other payables	813,579	756,263
Net cash inflow from operating activities	**3,353,721**	**1,986,817**
Cash flows from investing activities		
Interest received	18,055	974
Acquisition of property, plant and equipment	(1,695,989)	(908,056)
Asset disposal proceeds	81,006	–
Investment	(900,000)	–
Net cash outflow from investing activities	**(2,496,928)**	**(907,082)**
Cash flows from financing activities		
Issue of shares	8,314,320	–
Term loan repaid	(3,263,529)	–
Interest paid	(1,628,227)	–
Lease payments	(81,362)	–
Net cash inflow from financing activities	**3,341,202**	**–**
Net increase in cash and cash equivalents	**4,197,995**	**1,079,735**
Effects of foreign exchange	–	(9,521)
	4,197,995	1,070,214
Cash and cash equivalents at beginning of year	**4,519,895**	**3,449,681**
Cash and cash equivalents at end of year	**$8,717,890**	**$4,519,895**

COMPANY BALANCE SHEET

	Note	31 December 2019 $	31 December 2018 $
Assets			
Non-current assets			
Investment in subsidiary undertakings	26	17,199,362	17,199,362
Total non-current assets		**17,199,362**	**17,199,362**
Current assets			
Due from subsidiaries	26	35,541,091	33,685,812
Trade and other receivables	15	1,897	11,782
Cash and cash equivalents	17	822,748	113,065
Total current assets		**36,365,736**	**33,810,659**
Total assets		**$53,565,098**	**$51,010,021**
Equity and liabilities			
Current liabilities			
Trade and other payables	18	142,413	186,818
Term loan notes	21	18,177,209	–
Total current liabilities		**18,319,622**	**186,818**
Non-current liabilities			
Term loan	21	–	3,263,529
Convertible loan notes	21	–	21,550,297
Convertible loan notes – derivative liability	21	–	392,835
Total non-current liabilities		–	**25,206,661**
Total liabilities		**18,319,622**	**25,393,479**
Equity attributable to the owners of the parent			
Issued share capital	22	3,106,795	2,292,683
Share premium	22	60,686,595	48,991,647
Share-based payment reserve		1,988,361	1,768,693
Retained earnings		(24,776,934)	(21,677,140)
Foreign currency reserve		(5,759,341)	(5,759,341)
Total equity		**35,245,476**	**25,616,542**
Total equity and liabilities		**$53,565,098**	**$51,010,021**

The loss for the financial year dealt with in the financial statements of the parent company was $3,099,794 (2018 loss $683,864).

The financial statements on pages 39 to 74 were approved and authorised for issue by the Board and were signed on its behalf on 26 May 2020.

Dr. Thomas M Becker
Chief Executive Officer and President
Company number: 05393357

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Attributable to equity holders of the parent					
	Share capital	**Share premium**	**Share based payment reserve**	**Retained earnings**	**Foreign currency reserve**	**Total equity**
	$	**$**	**$**	**$**	**$**	**$**
Balance at 1 January 2018	**$2,292,683**	**$48,991,647**	**$1,634,390**	**$(20,993,276)**	**$(5,749,820)**	**$26,175,624**
Transactions with owners						
Share-based expense	–	–	134,303	–	–	134,303
Total transactions with owners	**–**	**–**	**134,303**	**–**	**–**	**134,303**
Loss attributable to owners of the parent	–	–	–	(683,864)	–	(683,864)
Other comprehensive income						
Exchange differences on translating foreign operations	–	–	–	–	(9,521)	(9,521)
Total comprehensive income for the year	**–**	**–**	**–**	**(683,864)**	**(9,521)**	**(693,385)**
Balance at 31 December 2018	**$2,292,683**	**$48,991,647**	**$1,768,693**	**$(21,677,140)**	**$(5,759,341)**	**$25,616,542**
Transactions with owners						
Issue of shares	814,112	11,694,948	–	–	–	12,509,060
Share-based expense	–	–	219,668	–	–	219,668
Total transactions with owners	**814,112**	**11,694,948**	**219,668**	**–**	**–**	**12,728,728**
Loss attributable to owners of the parent	–	–	–	(3,099,794)	–	(3,099,794)
Total comprehensive income for the year	**–**	**–**	**–**	**(3,099,794)**	**–**	**(3,099,794)**
Balance at 31 December 2019	**$3,106,795**	**$60,686,595**	**$1,988,361**	**$(24,776,934)**	**$(5,759,341)**	**$35,245,476**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies

The Company is a public limited company incorporated and domiciled in the United Kingdom. The Company is listed on the AIM Market of the London Stock Exchange.

The registered office is located at 48 Chancery Lane, London, WC2A 1JF. The principal activities of the Company have been and continue to be investment in subsidiaries engaged in the production of iodine and iodine derivatives, including the arrangement of finance for and the provision of management services to subsidiaries.

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and IFRS Interpretations Committee ('IFRIC') as adopted by the European Union ('EU') and the Companies Act 2006 applicable to companies reporting under IFRS.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

b) New standards and interpretations

Effective January 1, 2019, we adopted IFRS 16, "Leases" using the modified retrospective approach. There was no material impact to the results of operations or financial position upon adoption, and no adjustment was made to retained earnings in the consolidated balance sheet because such adjustment was determined to be immaterial.

Management continues to evaluate standards, amendments and interpretations which are effective for reporting periods beginning after the date of these financial statements and have not been adopted early, including:

- Revised Conceptual Framework for Financial Reporting
- IAS1 and IAS8 (Amendment - Definition of Material)
- IFRS3 (Amendment - Definition of a Business)

Implementation of the above is not expected to have a material effect on the Group's financial statements.

c) Basis of preparation of financial statements

The financial statements have been prepared on the historical cost convention as modified by the revaluation of financial liabilities at fair value through profit and loss.

The financial statements are presented in US Dollars, which is also the Group's functional currency.

Amounts are rounded to the nearest US Dollar, unless otherwise stated.

As permitted by Section 408 of the Companies Act 2006, the parent company's income statement has not been included in these financial statements.

d) Revenue recognition

Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services, and is recognized when performance obligations are satisfied under the terms of contracts with our customers. A performance obligation is deemed to be satisfied when transfer of benefit of the product or service is transferred to our customer. The transaction price of a contract, or the amount we expect to receive upon satisfaction of all performance obligations, is determined by reference to the contract's terms and includes adjustments, if applicable, for any variable consideration, such as customer rebates or commissions, although these adjustments are generally not material. Costs incurred to obtain contracts with customers are expensed immediately.

Revenue consists of sales of iodine derivatives, iodine, chemicals and ancillary products. All of our revenue is derived from contracts with customers, and almost all of our contracts with customers contain one performance obligation for the transfer of goods where such performance obligation is satisfied at a point in time. Transfer of benefit of a product is deemed to be transferred to the customer upon shipment or delivery. Significant portions of our sales are sold free on board shipping point or on an equivalent basis, while delivery terms of other transactions are based upon specific contractual arrangements. Our standard terms of delivery are generally included in our contracts of sale, order confirmation documents and invoices, while the timing between shipment and delivery generally ranges between 1 and 45 days. Costs for shipping and handling activities, whether performed before or after the customer obtains control of the goods, are accounted for as fulfillment costs.

Trade receivables at December 31, 2019 of $5,491,493 (2018 $4,056,947) represent all balances arising from contracts with customers.

e) Research and development expenditures

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred. Costs that are directly attributable to the development phase of a new customised chemical manufacturing process or development of a new iodine project are recognised as intangible assets provided they meet the following recognition requirements:

- completion of the intangible asset is technically feasible so it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred. In 2019, all research and development expenditures were expensed as incurred.

f) Going concern

The Group's Term Loan Notes of $18,177,209 fall due for repayment on 1 July 2020. Discussions and negotiations with potential lenders to refinance these debts are in progress, but at this point no arrangements for repayment have been finalised. The Directors nevertheless anticipate that a debt solution will be in place prior to the repayment date. Additionally the Group has considered the current and possible future effects on its financial position of a) the COVID-19 virus as regards supply chains and demand for the Group's products, and b) the recent fall in oil prices as regards the potential reduction in brine supply if there are further well shut-ins by oil and gas operators. As disclosed in Note 28 the Group has received loans totalling $1.09m under the Paycheck Protection Program, and expects a sigificant majority of these funds to be eligible for forgiveness under the program. The Group's current view is that the net negative effects of the foregoing items on its results and cash flows will be relatively short term and will not have a significantly material adverse effect. On that basis the Group has prepared forecasts and projections that indicate there are adequate resources to continue in operational existence for the foreseeable future. However, the Group recognises that there can be no certainty where these predictions are concerned. After due consideration of the foregoing, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

g) Basis of consolidation and investments in subsidiary undertakings

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December 2019. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The Group obtains and exercises control through voting rights. The acquisition method of accounting is used to account for the purchase of subsidiaries by the Group. On acquisition, the subsidiary's assets and liabilities are recorded at fair value, reflecting their condition at the date of acquisition.

The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

Intra-Group balances and any unrealised gains and losses or income and expenses arising from intra-Group transactions are eliminated in preparing the consolidated financial statements, unless the losses provide an indication of impairment of the assets transferred.

Amounts reported in the financial statements of the subsidiaries are adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Investments in subsidiary undertakings are stated in the parent company balance sheet at cost less provision for any impairment losses.

h) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The acquisition method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. On initial recognition, the assets and liabilities of the acquired subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the basis for subsequent measurement in accordance with the Group's accounting policies. Acquisition costs are expensed as incurred.

Goodwill represents the excess of the fair value of consideration payable in a business combination over the fair value of the Group's share of the identifiable net assets of the acquiree at the date of acquisition. Any excess of identifiable net assets over the fair value of consideration is recognised in profit or loss immediately after acquisition.

As desribed in Note 1m) below, goodwill is tested for impairment at least annually.

i) Foreign currency

The vast majority of the Group's business is denominated in U.S. Dollars, which is the functional currency of the main operating subsidiaries. U.S. Dollars is the presentational currency for the Group financial statements.

Transactions denominated in foreign currencies are translated at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in profit and loss in the period in which they arise. Exchange differences on non-monetary items are recognised in other comprehensive income to the extent that they relate to a gain or loss on that non-monetary item taken to the statement of changes in equity, otherwise such gains and losses are recognised in profit and loss.

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

• assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

• income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

• all resulting exchange differences are recognised in other comprehensive income.

On disposal of a foreign operation for which the presentational and functional currencies were different in previous periods, the cumulative translation differences are transferred to profit and loss as part of the gain or loss on disposal. The US Dollar/Pounds Sterling exchange rate averaged 1.277 in 2019 (2018 1.335), and at 31 December 2019 was 1.318 (2018: 1.274).

j) Intangible assets

Exploration and evaluation costs

All costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on a project are written off as incurred.

Once a legal right has been obtained, exploration and evaluation costs are capitalised on a project-by-project basis, pending determination of the technical feasibility and commercial viability of the project. Costs incurred include appropriate technical and administrative overheads.

Capitalised exploration costs are carried at historical cost less any impairment losses recognised. If an exploration project is successful, the related expenditures will be transferred to development assets and amortised over the estimated life of the reserves on a unit of production basis.

The recoverability of capitalised exploration and evaluation costs is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain the necessary financing to complete the development of reserves and future profitable production or proceeds from the disposal thereof.

Undeveloped leasehold costs

Undeveloped leasehold costs relate to the costs of acquiring brine leases in respect of the surface and mineral rights of landowners in areas of interest outside of those currently connected to the Group's operating plants.

These costs are capitalised as exploration and evaluation assets and are carried at historical cost less any impairment losses recognised. If areas leased provide brine to operating plants, the related costs are transferred to the relevant plants and amortized over the lives of those plants.

Other intangible assets

Other identifiable intangible assets arose from the acquisition of H&S Chemical in 2009. These assets were valued by an external, independent valuation firm. Based on the type of asset, the useful life of each asset was estimated. The value of each identifiable intangible asset is amortised evenly over its useful life. The following useful lives are applied:

- WET® patent: 15 years
- Customer relationships: 10 years
- Patent portfolio: 8 years
- EPA registrations: 2 years

Amortisation is included within administrative expenses.

Goodwill

Goodwill represents the excess of the fair value of consideration in a business combination over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is carried at cost less accumulated impairment losses.

k) Property, plant and equipment

Property, plant and equipment are stated at historical cost, net of depreciation and any provision for impairment. Cost includes purchase price and costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, such as costs relating to construction, site preparation, installation and testing.

Costs relating to assets put into service at a later date are accumulated as construction in progress, and depreciation only commences once such assets are put into use.

Depreciation is provided at rates calculated to write off the depreciable amount of each asset on a straight line basis over its expected useful life, as follows:

- Buildings: 2.5 percent per annum
- Office lease: 38 months
- Equipment and machinery:
    - IOSorb plants - 5 percent per annum
    - Other plant and equipment – 5 to 7 years
    - Vehicles and office equipment - 20 percent per annum
    - Computer equipment - 33 percent per annum

Reviews of the estimated remaining lives and residual values of individual assets are made at least semi-annually, and adjustments are made where appropriate. Construction in progress is also reviewed for impairment.

Freehold land is not depreciated.

l) Financial instruments

Financial liabilities

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Loan notes

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Interest-bearing loans are recorded initially at their fair value, net of direct transaction costs. Such instruments are subsequently carried at their amortised cost and finance charges, including premiums payable on settlement, redemption or conversion, are recognised in profit or loss over the term of the instrument using the effective rate of interest.

Instruments where the holder has the option to redeem for cash or convert into a pre-determined quantity of equity shares are classified as compound instruments and presented partly as a liability and partly as equity.

Instruments where the holder has the option to redeem for cash or convert into a variable quantity of equity shares are classified separately as a loan and a derivative liability.

Where conversion results in a fixed number of equity shares, the fair value of the liability component at the date of issue is estimated using the prevailing market interest rate for a similar non-convertible instrument. The difference between the proceeds of issue and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity. Where conversion is likely to result in a variable quantity of equity shares the related derivative liability is valued and included in liabilities.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar nonconvertible debt to the instrument. The difference between this amount and the interest paid is added to the carrying value of the convertible loan note.

Derivative liabilities are revalued at fair value at the balance sheet date, and changes in the valuation amounts are credited or charged to the profit and loss account.

Financial assets

Cash and cash equivalents represent short term, highly liquid investments with an original maturity of fewer than three months that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. At the end of 2019 and 2018, all cash accounts were in 100 percent liquid accounts.

The Group uses the ‘simplified method of expected credit losses’. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Expected credit losses are recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

m) Impairment

Whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable, that asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying amount.

Impairment reviews for exploration and evaluation costs are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise, typically when one of the following circumstances applies:

i) unexpected geological occurrences that render the resource uneconomic;
ii) title to the asset is compromised;
iii) variations in prices that render the project uneconomic; or
iv) variations in the currency of operation.

Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combinations and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value in use. To determine the value in use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Intercompany loans due to the parent company from its subsidiaries are tested for impairment as part of the overall investment in those subsidiaries, by reference to the present values of estimated future cash flows of the subsidiaries, as further described in Note 2c.

n) Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses for the share issue.
- "Share-based payment reserve" represents the cumulative fair value of options and warrants issued by the Company and recognised in profit and loss.
- "Retained earnings" represents retained profits or accumulated losses.
- "Foreign currency reserve" represents the cumulative differences arising from translation of foreign operations.

o) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Cost excludes unrealised gains arising from intra-Group transactions. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. When inventory is sold the cost is included in Cost of Sales on the Statement of Comprehensive Income.

p) Taxation

Tax expense recognised in profit or loss is the tax currently payable based on taxable profit for the year and deferred tax not recognised directly in equity.

Deferred income taxes are calculated using the balance sheet liability method. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward, as well as other income tax credits to the Group, are assessed for recognition as deferred tax assets according to the likelihood of their recoverability in the foreseeable future.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

q) Leases

Effective 1 January 2019, IFRS 16 has replaced IAS 17 Leases. Under this model, the Group recognises a right-of-use asset and a lease liability on the balance sheet at the lease commencement date. The right-of-use asset is initially measured at cost. This comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date and an estimate of any costs to restore the underlying asset to the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use-asset or the end of the lease term. Amounts relating to such assets are disclosed separately in note 12. In addition, the Group assess the right-of-use asset for impairment when such indicators exist.

At the commencement date, the lease liability is initially measured at the present value of the lease payments discounted using the Group's incremental borrowing rate at the date of transition as the interest rate implicit in the lease could not be readily determined. Interest is charged at the same discount rate used to calculate the present value of the lease.

The lease liability is re-measured if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount for the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value operating value. These are charged to profit and loss on a straight-line basis over the period of the lease. At 31 December 2019 the Group had one lease, for office space.

In the comparative period, as a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership.

r) Share-based payments

The cost of equity settled transactions is measured at fair value at the grant date as measured by use of the Black Scholes model. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to those estimated on vesting.

Charges made to profit or loss, in respect to share-based payments, are credited to the share-based payment reserve.

s) Segment reporting (Note 3)

In identifying its operating segments, management follows the Group's service lines, which represent the main products provided by the Group and are based on the information presented to the chief operating decision maker, which is the Board.

2. Significant judgements and estimates

Judgements and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events.

The critical estimates made in the preparation of the financial statements are set out below. The resulting accounting estimate may not equal the related actual result, and management must also make judgements about current circumstances and expectations of future events. Significant judgements made by management include:

a. Intangible and tangible assets are tested for impairment where there is an indication that they may be impaired. In accordance with IAS 36 - Impairment of Assets, an intangible or tangible asset is considered impaired when its carrying amount exceeds its recoverable amount on an individual cash generating unit basis. The recoverable amounts of relevant cash generating units are based on value in use calculations using management's best estimate of future business performance. In carrying out impairment testing, management will make a number of significant estimates in relation to the assumptions incorporated into their calculations. These will include factors such as growth rates and discount rates. Details and carrying values of intangible assets, goodwill and property, plant and equipment are provided in notes 10, 11 and 12.

b. Management reviews the useful lives of depreciable and amortisable assets at each reporting date. The carrying amounts are analysed in notes 10 and 12. Management's estimate of the useful lives of plant and equipment as detailed in note 1k are common life expectancies for the industry. In particular, the expected useful life attributed to each IOsorb® plant is 20 years. Changes in the expected level of usage or other technological developments could impact the life and residual value of these assets.

c. The carrying amount of the parent company's investment in its subsidiaries of $52.7m (2018: $50.9M), net of an existing impairment provision of $5.3m, has been evaluated for impairment. For this purpose the two operating subsidiaries have been treated as one unit, given the vertical integration of the Group's operating activities. The carrying amount of the parent company's investment of $52.7m (2018: $50.9M) compares to carrying amounts of the subsidiaries' net assets, excluding loans from the parent company, of $36.9m (2018: $31.8m). An assessment has been made of the present values of the future cash flows related to the operating activities of the subsidiaries to determine whether any impairment losses should be recognised. The Group has concluded that it is appropriate to continue to recognise the impairment provision of $5.3m that was established in 2017.

d. Management receives periodic operational reports on the progress of the production of hemp seeds by Organic Vines OP LLC. Based on these reports management considers the appropriate carrying value of the investment to be the $900,000 invested, and that no provision for impairment is required.

3. Segment reporting

a. **Business segments -** The Group's operations comprise the exploration and production of iodine with complete vertical integration into its specialty chemical halogen derivatives business, and are therefore considered to fall within one business segment. The Group has created a strategy to develop a new line of Cannabidiol ("CBD") products. To that end in November 2019 the Group made an investment of $900,000 in Organic Vines OP LLC as described in Note 16, and also purchased hemp biomass that had a carrying value of $113,965 in inventory at 31 December 2019. There was no trading activity in CBD during 2019, and therefore segment reporting below is limited to the separate recognition of CBD assets.

	31 December 2019 $	31 December 2018 $
Assets		
Halogen Derivatives and Iodine	42,668,366	36,125,218
CBD	1,013,965	–
Total	**$43,682,331**	**$36,125,218**
Liabilities		
Halogen Derivatives and Iodine	24,453,464	30,177,504
Total	**$24,453,464**	**$30,177,504**

b. **Geographical segments -** The Group reports by geographical segment. The Group's activities are related to exploration for, and development of, iodine in certain areas of the USA and the manufacturing of specialty chemicals in the USA with support provided by the UK office. In presenting information on the basis of geographical segments, segment assets and the cost of acquiring them are based on the geographical location of the assets.

3. Segment reporting (continued)

	31 December 2019 $	31 December 2018 $
Assets		
UK	824,645	124,847
USA	42,857,686	36,000,371
Total	**$43,682,331**	**$36,125,218**
Liabilities		
UK	18,319,622	25,393,479
USA	6,133,842	4,784,025
Total	**$24,453,464**	**$30,177,504**
Revenue		
North America	14,024,475	13,922,512
Asia	12,919,398	8,954,536
South America	1,782,450	780,480
Europe	473,022	281,183
Other	45,883	19,578
Total	**$29,245,228**	**$23,958,289**

c. Significant customers - Iofina Chemical had five significant customers in 2019; one customer represented 15 percent of sales and four others each accounted for 6 percent of sales. In 2018, one customer represented 18 percent of sales, another customer 9 percent and two others each accounted for 6 percent of sales.

4. Profit/(Loss) before taxation

Profit/(Loss) before taxation is stated after charging:

	Year ended 31 December 2019 $	Year ended 31 December 2018 $
Depreciation expense	1,370,014	1,331,317
Amortisation expense	242,046	245,000
Impairment expense	–	2,592,276
Operating lease expense – land and buildings	30,000	151,665
Other:		
Annual audit fees for audit of parent company and consolidated financial statements	73,256	75,140
Fees payable to the company's auditor for other services	6,873	–

4. Profit/(Loss) before taxation (continued)

Impairment expense is made up as follows:

	Year ended 31 December 2019 $	Year ended 31 December 2018 $
IO5 Plant - Equipment and Machinery (Note 12)	–	1,698,069
Other obsolete Equipment and Machinery (Note 12)	–	178,950
Oklahoma undeveloped leasehold (Note 10)	–	656,315
Royalties overaccrued	–	58,942
Montana Atlantis Field:	–	
Remediation costs (Note 12)	–	320,000
Property, plant and equipment (Note 12)	–	(320,000)
	–	**$2,592,276**

Cost of sales – analysis by nature

	Year ended 31 December 2019 $	Year ended 31 December 2018 $
Raw materials	9,649,838	7,734,440
Freight	819,183	657,542
Sales commission	226,339	128,296
Labour, manufacturing overhead and royalties	10,304,415	9,131,109
	$20,999,775	**$17,651,387**

Administrative expenses – analysis by nature

	Year ended **31 December 2019 $**	Year ended **31 December 2018 $**
Remuneration and benefits	2,469,198	2,355,897
Share-based payments	219,668	134,303
Office expenses	192,741	161,947
Professional services	607,788	601,434
Travel	194,195	144,844
Rent	(23,032)	73,119
Other	162,874	193,172
Depreciation	1,370,014	1,331,317
Amortisation	242,046	245,000
	$5,435,492	**$5,241,033**

Research and development expenses recognised during the period were $265,827 (2018: $243,533), and are included in administrative expenses above.

5. Staff numbers and costs

The average number of Group employees, including executive directors, and their costs were:

	Year ended 31 December 2019 Number	Year ended 31 December 2018 Number
Production	68	68
Administrative	13	13
Sales	1	1
Total staff	**82**	**82**

	Year ended 31 December 2019 $	Year ended 31 December 2018 $
Wages and salaries	5,363,252	5,253,390
Social security costs	932,117	982,784
	$6,295,369	**$6,236,174**

Of the total staff costs above, $3,992,101 (2018: $4,019,421) is included within cost of sales and $2,303,268 (2018: $2,216,753) is included within administrative expenses.

Payments to executive directors and senior officers of subsidiaries (considered to be key management personnel) for their services during the year were as follows:

	Year ended 31 December 2019 $	Year ended 31 December 2018 $
Wages and salaries	870,304	819,270
Social security costs	102,311	97,211
Total directors' cost	**$972,615**	**$916,481**

Included within wages and salaries above is $275,600 (2018: $250,800) in respect of the highest paid director. No options were exercised by a director in 2019.

6. Finance expense

	Year ended 31 December 2019 $	Year ended 31 December 2018 $
Convertible loan notes and term loan facility:		
Interest payable (deferred and capitalised)	–	1,273,178
Amortisation of discount on convertible loan notes	821,649	1,789,804
Term loan notes (interest from 1 January 2019):		
Interest paid	1,629,874	–
Arrangement fees	196,097	–
IFRS16 lease interest	20,806	–
Total finance expense	**$2,668,426**	**$3,062,982**

7. Finance income

	Year ended 31 December 2019 $	Year ended 31 December 2018 $
Interest income	18,055	974
	$18,055	**$974**

8. Taxation

	Year ended 31 December 2019 $	Year ended 31 December 2018 $
Tax credit comprises:		
Deferred tax credit	–	(231,233)
	–	**$(231,233)**

Provision for a deferred tax liability is no longer required in view of the tax losses available to the Group to offset such a liability.

8. Taxation (continued)

	Year ended 31 December 2019 $	Year ended 31 December 2018 $
Tax reconciliation:		
Profit/(loss) on ordinary activities before tax	552,425	(1,374,249)
Tax at UK income tax rate of 19.00% (2018: 19.00%)	104,961	(261,107)
Effects of:		
Temporary differences	176,308	226,942
Permanent differences	43,032	27,246
Losses not recognised for deferred tax purposes	(324,301)	6,919
Deferred tax on amortisation of intangibles	–	(231,233)
Total tax credit	–	**$(231,233)**

The Group has accumulated US tax losses of approximately $27,000,000 (2018: $32,000,000) that may be deductible from future taxable profits subject to agreement with the relevant tax authorities. To the extent tax losses are not utilised to offset current income taxes they will begin to expire in 2029.

A deferred tax asset has not been recognised in respect of losses due to uncertainty over the timing of the recovery of these tax losses.

9. Earnings per share

The calculation of earnings per ordinary share is based on the profit/(loss) attributable to shareholders of $552,425 (2018 loss $(1,143,016)) and the weighted average number of ordinary shares outstanding of 162,972,387 (2018: 127,569,398). After including the weighted average effect of share options of 3,393,864 (2018: 2,075,356) and convertible notes of 15,812,487 (2018: 64,520,112) the diluted weighted average number of ordinary shares outstanding was 182,178,738 (2018: 194,164,867). Due to the loss for the year to 31 December 2018 there was no difference between the diluted loss per share and the basic loss per share, because the outstanding share options and the two convertible notes would have had the effect of reducing the loss per ordinary share and would therefore not be dilutive under the terms of IAS 33.

10. Intangible assets (Group)

	Exploration and Evaluation Assets			
	Montana Atlantis Field	Oklahoma Undeveloped Leasehold	Other intangible assets (see below)	Total
	$	$	$	$
Cost				
At 1 January 2018	3,358,405	656,315	3,843,671	7,858,391
Impairment	–	(656,315)	–	(656,315)
At 31 December 2018	3,358,405	–	3,843,671	7,202,076
Additions	–	–	–	–
At 31 December 2019	**$3,358,405**	–	**$3,843,671**	**$7,202,076**
Accumulated amortization				
At 1 January 2018	3,358,405	–	2,534,029	5,892,434
Charge for the year	–	–	245,000	245,000
At 31 December 2018	3,358,405	–	2,779,029	6,137,434
Charge for the year	–	–	242,046	242,046
At 31 December 2019	**$3,358,405**	**–**	**$3,021,075**	**$6,379,480**
Carrying amounts				
At 31 December 2017	–	656,315	1,309,642	1,965,957
At 31 December 2018	–	–	1,064,642	1,064,642
At 31 December 2019	–	–	**$822,596**	**$822,596**

Details of other intangible assets are set out below.

Other intangible assets

	WET® patent	Customer relationships	Patent portfolio	EPA registrations	Total
	$	$	$	$	$
Cost					
At 1 January 2018, 31 December 2018 and 31 December 2019	**$2,700,000**	**$660,671**	**$212,000**	**$271,000**	**$3,843,671**
Accumulated amortization					
At 1 January 2018	1,517,404	558,625	187,000	271,000	2,534,029
Charge for the year	180,000	65,000	-	-	245,000
At 31 December 2018	1,697,404	623,625	187,000	271,000	2,779,029
Charge for the year	180,000	37,046	25,000	-	242,046
At 31 December 2019	**$1,877,404**	**$660,671**	**$212,000**	**$271,000**	**$3,021,075**
Carrying amounts					
At 31 December 2017	1,182,596	102,046	25,000	–	1,309,642
At 31 December 2018	1,002,596	37,046	25,000	–	1,064,642
At 31 December 2019	**$822,596**	**–**	**–**	**–**	**$822,596**

Other intangible assets were acquired in the acquisition of H&S Chemical in 2009.

10. Intangible assets (Group) (continued)

WET® Patent
The WET® Patent technology employs two different iodine extraction methods depending on brine chemistry for optimal efficiency. We utilised a with and without analysis, a variation of the discounted cash-flow method, to estimate the fair value of a WET® Patent at date of acquisition. The methodology compared the cash flow generating capacity of Iofina Chemical assuming it was operating without the benefit of the WET® Patent to the projected cash flow with the benefit of the patent. The contractual life of the patent is in excess of 20 years; however, the useful life of the patent was estimated at 15 years based on the following:

- Management's expectation for the expected viability of the technology
- Management's expectations regarding the timing of significant substitute technology
- The lack of comparable substitute technologies as of the valuation date
- The remaining amortization period is 4.5 years

Patent portfolio
This includes all patents held by Iofina Chemical related to the production of its iodine derivatives, specifically IPBC. The fair value of the general patent portfolio was estimated using the relief from royalty cash-flow methodology of the income approach. Based on our search for technology licensing agreements in the marketplace, we determined that a royalty rate of 1.5 percent was appropriate. An 8 year life was applied to the patent portfolio based on the historical life of the portfolio as well as the intended future use of the asset.

11. Goodwill (Group)

Carrying amounts	
At 31 December 2017, 31 December 2018 and 31 December 2019	**$3,087,251**

Goodwill arose on the acquisition of H&S Chemical in 2009 and is wholly allocated to the Iofina Chemical cash generating unit of the Group. Goodwill impairment testing is conducted annually, based on projected cash flow to be generated.

The Chemical business has been in operation for 34 years, and much of its products and customer base are long established. For impairment testing, a long term growth rate of 1.00% per annum was applied to budgeted cash flows and a discount rate of 10.83% per annum was used. On this basis the net present value of cash flow exceeded the goodwill amount of $3,087,251.

Sensitivity analysis

Projections based on the above assumptions show headroom of $22.2m between the value in use of the business net of other assets of $25.3m and the carrying value of $3.1m. In order for the value in use to equal the carrying value it would be necessary for the discount rate to rise to 21.14% or the long term growth rate to be 8.4% negative or budget EBITDA to be lower by 48.11%. Based on the results of this impairment testing management are satisfied that a reasonably possible change in assumption would not lead to an impairment.

12. Property, plant and equipment (Group)

	Exploration and Evaluation Assets					
	Montana Atlantis Field	Freehold Land	Buildings	Equipment and Machinery	Construction in Progress	Total
	$	$	$	$	$	$
Cost						
At 1 January 2018	5,841,415	209,000	1,599,001	22,352,858	3,387,150	33,389,424
Impairment	–	–	–	–	(60,370)	(60,370)
Transfers	–	–	9,853	3,666,564	(3,676,417)	–
Additions	–	–	57,055	122,391	728,610	908,056
At 31 December 2018	5,841,415	209,000	1,665,909	26,141,813	378,973	34,237,110
Additions	–	–	407,670	181,891	1,461,075	2,050,636
At 31 December 2019	**$5,841,415**	**$209,000**	**$2,073,579**	**$26,323,704**	**$1,840,048**	**$36,287,746**
Accumulated depreciation and impairment						
At 1 January 2018	5,841,415	–	327,510	7,888,691	–	14,057,886
Impairment	(320,000)	–	–	1,816,649	–	1,496,649
Charges for the year	–	–	52,574	1,278,743	–	1,331,317
At 31 December 2018	5,521,415	–	380,084	10,984,353	–	16,885,852
Impairment	81,006	–	–		–	81,006
Charges for the year	–	–	147,992	1,222,022	–	1,370,014
At 31 December 2019	**$5,602,421**	**–**	**$528,076**	**$12,206,375**	**–**	**$18,336,872**
Carrying amounts						
At 31 December 2017	–	209,000	1,271,491	14,463,897	3,387,150	19,331,538
At 31 December 2018	320,000	209,000	1,285,825	15,157,460	378,973	17,351,258
At 31 December 2019	**$238,994**	**$209,000**	**$1,545,503**	**$14,117,329**	**£1,840,048**	**$17,950,874**

Right-of-use assets

With effect from 1 January 2019 the Group has appled IFRS 16 "Leases" to its lease on office premises in Denver, Colorado. The adjustment on transition is immaterial. The lease runs from 1 March 2019 to 30 April 2022, and an amount of $354,648 has been capitalised as a right-of-use asset in the category of Buildings. The amount capitalised represents the amount of rentals and associated payments over the term of the lease discounted at a rate of 7.5%. Depreciation is charged on a straight line basis at a rate of $111,994 per annum, and notional interest is accrued based on a 7.5% amortisation rate. Depreciation charged for 2019 was $93,328 and interest accrued was $20,807. Lease liabilities due within and after one year are shown in Note 19, and represent lease payments due over those periods net of interest to be charged. There is an option to extend the lease, but it is considered unlikely that the option will be exercised.

13. Inventories

Group	31 December 2019 $	31 December 2018 $
Raw materials	4,360,028	2,955,907
Work in progress	1,414,766	1,943,549
Finished goods	302,476	774,712
	$6,077,270	**$5,674,168**

At year end, there were no provisions against the carrying value of inventories (2018: nil). During the year, the cost of inventories recognised as expense and included in 'cost of sales' amounted to $19,954,253 (2018: $16,865,549).

14. Financial instruments

The Board of directors determines, as required, the degree to which it is appropriate to use financial instruments to mitigate risks. The main risks for which such instruments may be appropriate are interest rate risk, foreign currency risk, credit risk, investment risk, liquidity risk and commodity risk. The Group's principal financial asset is cash, which is invested with major banks. The Group has term loan notes and no other borrowings.

Financial assets and liabilities

Group

2019	**Loans and receivables at amortised cost $**	**Financial liabilities at amortised cost $**	**Derivative liability at fair value $**	**Total $**
Cash and cash equivalents	8,717,890			8,717,890
Trade receivables	6,126,450			6,126,450
Investment	900,000			900,000
				$15,744,340
Trade payables		1,459,723		1,459,723
Accrued liabilities		4,522,439		4,522,439
Lease liabilities		294,093		294,093
Term loan notes		18,177,207		18,177,207
				$24,453,462
2018				
Cash and cash equivalents	4,519,895			4,519,895
Trade receivables	4,056,947			4,056,947
				$8,576,842
Trade payables		1,667,787		1,667,787
Accrued liabilities		3,303,056		3,303,056
Term loan		3,263,529		3,263,529
Convertible loan notes		21,550,297		21,550,297
Derivative liability			392,835	392,835
				$30,177,504

14. Financial Instruments (continued)

Company

2019	Loans and receivables at amortised cost $	Financial liabilities at amortised cost $	Derivative liability at fair value $	Total $
Cash and cash equivalents	822,748			822,748
Other receivables	1,897			1,897
Due from subsidiaries	35,541,091			35,541,091
				$36,365,736
Accruals		142,413		142,413
Term loan notes		18,177,209		18,177,209
				$18,319,622
2018				
Cash and cash equivalents	113,065			113,065
Due from subsidiaries	33,685,810			33,685,810
				$33,798,875
Accruals		186,818		186,818
Term loan		3,263,529		3,263,529
Convertible loan notes		21,550,297		21,550,297
Derivative liability			392,835	392,835
				$25,393,479

The derivative liability at fair value is valued on the basis of Level 2 inputs as defined in IFRS 13.

Interest rate risk

Surplus funds are held within the Group's checking and savings accounts. The benefit of fixing rates for longer term is kept under review, having regard to forecast cash requirements and the levels of return available. Given the short term nature of Iofina's surplus funds, the Group has limited interest rate risk. As of 31 December 2019, all surplus funds were invested in checking and savings accounts that had no terms and were 100% liquid.

In accordance with the restructured debt agreements executed on 29 March 2019 the interest rates on the Term Loan Notes of $18,177,209 are fixed at 7.5% over the period of the Notes.

Foreign currency risk

The Group has potential transactional currency exposure in respect of items denominated in foreign currencies relating to the Group's administration in the UK. The balance of cash held in foreign currency was $822,748 (GBP 628,052) as of year-end, and provides a hedge against GBP denominated UK expenses.

Sales transactions are denominated in US Dollars, which is the operating currency. Other impacts of foreign currency risk are not deemed material to these financial statements.

14. Financial Instruments (continued)

Credit risk

The maximum exposure is reflected by the carrying amount of financial assets. Because the counterparties to the majority of Iofina's financial instruments are prime financial institutions, Iofina does not expect any counterparty to fail to meet its obligations. Additionally, the Group is exposed to marginal credit risk in the form of receivables for product sales. Credit risk in this regard is mitigated through long-term customer payment history, extensive credit analysis of large purchasers, use of letters of credit, and the requirement for partial or total payment prior to shipment for some customers.

Investment risk

There is a risk that short term investments may not realise their carrying value. At 31 December 2019 the Group held an investment of $900,00 as set out in Note 16. Recovery of this investment is dependent on the returns generated by the underlying project.

Liquidity risk

The Group raises funds as required on the basis of forecast expenditure and cash inflows over the next 12 months. When necessary, the scope and rate of activity are adjusted to take account of the funds available. There is a risk that the Group may not be able to raise sufficient funds to repay loans at their maturity. The current situation in that regard is discussed in Note 1f.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

Group **At 31 December 2019:**	**Up to 3 months** **$**	**Between 3 and 12 months** **$**	**Between 1 and 2 years** **$**
Trade payables	1,459,723	–	–
Accrued liabilities	1,336,855	3,185,584	–
Lease liabilities	–	119,926	174,167
Term loan notes	–	18,177,207	–
	$2,796,578	**$21,482,717**	**$174,167**

Group **At 31 December 2018:**	**Up to 3 months** **$**	**Between 3 and 12 months** **$**	**Between 1 and 2 years** **$**
Trade payables	1,667,787	–	–
Accrued liabilities	1,145,118	2,157,938	–
Term loan	–	–	3,263,529
Convertible loan notes	–	–	21,550,297
	$2,812,905	**$2,157,938**	**$24,813,826**

Commodity risk

The Group is exposed to movements in the price of raw iodine. Sales of iodine based products were $20,094,135 (2018: $14,794,328). The effects of changes in the price of iodine on 2019 revenue and profits are set out in the Financial Review on page 7. Iodine is produced internally and is the most significant cost component for iodine based products.

15. Trade and other receivables

Group

	31 December 2019 $	31 December 2018 $
Trade receivables	5,491,493	4,056,947
Prepayments and other receivables	634,957	371,057
	$6,126,450	**$4,428,004**

Company

	31 December 2019 $	31 December 2018 $
Prepayments and other receivables	1,897	11,782
	$1,897	**$11,782**

15. Trade and other receivables (continued)

All receivables and prepayments are short term in nature. The carrying values are considered a reasonable approximation of fair value. There are no expected credit losses.

The Group and the Company have not received a pledge of any assets as collateral for any receivable or asset.

16. Investment

	31 December 2019 $	31 December 2018 $
Investment in Organic Vines Op LLC	900,000	–
	$900,000	–

In November 2019 the Group invested $900,000 through its subsidiary IofinaEX Inc. in 900,000 non-voting Class C Units of Organic Vines OP LLC, a Limited Liability Company registered in Colorado. The company is controlled by the Group’s chairman Lance Baller, and is engaged in the production of organically certified hemp seeds in Colorado over a single growing season and their subsequent sale. The Class C Units have first call on the distribution of revenue up to a maximum of three times the amount invested and no further entitlement thereafter. The return on the Class C Units is projected to be achieved during 2020.

17. Cash and cash equivalents

Group

	31 December 2019 $	31 December 2018 $
Cash in US Dollar accounts	7,895,142	4,406,830
Cash in GB Pound Sterling accounts	822,748	113,065
	$8,717,890	**$4,519,895**

Company

	31 December 2019 $	31 December 2018 $
Cash in GB Pound Sterling accounts	822,748	113,065
	$822,748	**$113,065**

18. Trade and other payables

Group

	31 December 2019 $	31 December 2018 $
Trade payables	1,459,723	1,667,787
Accrued expenses and deferred income	4,522,439	3,303,056
	$5,982,162	**$4,970,843**

Company

	31 December 2019 $	31 December 2018 $
Accrued expenses	142,413	186,818
	$142,413	**$186,818**

All trade and other payables are considered short term. The carrying values are considered to be a reasonable approximation of fair value.

Except as regards the term loans, the Group and Company have not pledged any assets as collateral for any liabilities or contingent liabilities.

19. Lease liabilities

	31 December 2019 $	31 December 2018 $
Lease liabilities – current	119,926	–
Lease liabilities – non-current	174,167	–
	$294,093	–

19. Lease liabilities (continued)

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the Group's incremental borrowing rate on commencement of the lease. Lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

IFRS16 has been applied for the year ended 31 December 2019 and IAS17 was applied for the year ended 31 December 2018. Under IFRS16 the election has been taken for exemption of short term leases and leases of low value. There is an option to extend the lease but the directors do not consider it likely that the option will be exercised.

20. Deferred tax liability

	$
At 31 December 2017	231,233
Credit to income for the year	(231,233)
At 31 December 2018 and 2019	–

The deferred tax liability arose on recognition of intangible assets at fair value on acquisition of H&S Chemical in 2009. Provision for a deferred tax liability is no longer required in view of the tax losses available to the Group to offset such a liability.

21. Term loans, convertible loan notes and derivative liability

	Term loans **$**	Convertible Loan Notes **$**	Derivative Liability **$**
At 1 January 2018	**3,074,846**	**18,675,998**	**3,607,001**
Amortisation of discount	–	1,789,804	–
Interest capitalised	188,683	1,084,495	–
Revaluation of derivative liability	–	–	(3,214,166)
At 31 December 2018	3,263,529	21,550,297	392,835
Debt restructure 29 March 2019:			
Amortisation of discount (Note 6)	–	821,649	–
Revaluation of derivative liability	–	–	(392,835)
Convertible loan notes restructured as term loans	22,371,946	(22,371,946)	–
	25,635,475	–	–
Debt for equity conversion 14 June 2019	(4,194,737)	–	–
Term loan repaid 20 June 2019	(3,263,529)	–	–
At 31 December 2019	**$18,177,209**	**–**	**–**

21. Term loans, convertible loan notes and derivative liability (continued)

As of 29 March 2019 the total amounts of $22,371,946 repayable at 31 December 2018 in respect of the convertible loan notes, representing $20,000,000 principal together with $2,371,946 accrued capitalised interest, were restructured as term loans. As the term loans have no rights of conversion into shares of the Company, the derivative liability ceased to have any value, and the remaining unamortised discount on the loan notes was added to the brought forward balance to reflect the amounts actually repayable.

Under the terms of the debt restructure interest is payable quarterly on the term loans at the rate of 7.5% per annum with effect from 1 January 2019. In the case of the $3,263,259 term loan outstanding at 31 December 2018 the rate increased to 12.0% per annum with effect from 1 June 2019. This loan was repaid in cash on 20 June 2019.

On 14 June 2019 $4,194,737 of the term loans was repaid by the issue of 20,449,355 ordinary shares of £0.01 each at a price of 16p, as set out in Note 22 below.

The other principal terms applying to the term loans are:

a) Repayment is due on 1 July 2020, and repayment may be made at any time without penalty;

b) An arrangement fee of 1% on the total loan balances outstanding at 29 March 2019 is payable on 1 July 2020;

c) The loans are secured against the assets of the Group, by a share pledge and a debenture granted by the Company, and by further pledges, a security agreement and guarantees granted by certain subsidiaries of the Group.

22. Share capital

		31 December 2019	31 December 2018
Authorised:			
Ordinary shares of £0.01 each	- number of shares	1,000,000,000	1,000,000,000
	- nominal value	£10,000,000	£10,000,000
Allotted, called up and fully paid:			
Ordinary shares of £0.01 each	- number of shares	191,858,408	127,569,398
	- nominal value	£1,918,584	£1,275,694

22. Share capital (continued)

Details of shares issued during the year ended 31 December 2019 are as follows:

	Shares issued	Nominal value	Share premium
		$	$
At 1 January 2019	**127,569,398**	**$2,292,683**	**$48,991,647**
Issue of shares:			
- for cash	43,839,655	551,941	8,279,119
-on conversion of loan notes	20,449,355	262,171	3,932,569
Expenses of issue	-	-	(516,740)
At 31 December 2019	**191,858,408**	**$3,106,795**	**$60,686,595**

On 14 June 2019 43,839,655 ordinary shares of £0.01 each were issued at a price of 16p per share for a total gross consideration of £7,014,345 ($8,831,060). The shares issued comprised 33,804,375 placing shares, 570,625 directors' subscription shares, and 9,464,655 open offer shares.

On 14 June 2019 20,449,355 ordinary shares of £0.01 each were also issued at a price of 16p per share for a total gross consideration of £3,271,897 ($4,194,737). These shares were issued as consideration for the conversion of $4,194,737 term loan into equity of the company.

23. Share based payments

On 25 July 2019 options over 984,500 ordinary shares of the Company, representing 0.51% of the Company's issued share capital at that date, were granted to directors and key management personnel. The options are exercisable at the closing share price on 24 July 2019 of 21.3p per share, with 50% vesting after one year on 25 July 2020 and 50% vesting after two years on 25 July 2021. The options expire ten years from the date of grant.

The above options were valued using the Black Scholes model and the exercise price of 21.3p, an expected term of 5.75 years, historical volatility of 96.63% and a risk free rate of 1.90%. The resulting valuation of $200,511 is being amortised over the vesting periods, and $65,360 has been charged as an expense in respect of the period from 25 July to 31 December 2019.

Details of options outstanding and exercisable at 31 December 2019 are as follows:

Date of Grant	Number of Options	Vesting Date	Share Price	Exercise Price	Exercise Price 2019	Exercise Price 2018
			£	£	$	$
2 July 2011	985,000	2 July 2012	0.300	0.300	0.40	0.38
13 June 2018	990,000	13 June 2019	0.162	0.162	0.21	0.21
13 June 2018	990,000	13 June 2020	0.162	0.162	0.21	0.21
25 July 2019	492,250	25 July 2020	0.213	0.213	0.28	–
25 July 2019	492,250	25 July 2021	0.213	0.213	0.28	–
Weighted average	**3,949,500**		**£0.21**	**£0.21**	**$0.28**	**$0.27**

23. Share based payments (continued)

Exercise prices shown in USD are based on the US Dollar/Pounds Sterling exchange rate at 31 December 2019 of 1.318 (2018 1.274). Options outstanding at 31 December 2019 expire the earlier of ten years from grant date or 90 days after the termination of service to the Company.

Options outstanding and exercisable	Weighted average exercise price		2019 Number of Options	Weighted average exercise price		2018 Number of Options
	£	$		£	$	
At 1 January	0.21	0.27	2,965,000	0.30	0.38	985,000
Granted during the year	0.21	0.28	984,500	0.16	0.21	1,980,000
At 31 December	**£0.21**	**$0.28**	**3,949,500**	**£0.21**	**$0.27**	**2,965,000**

No options lapsed or were forfeited or exercised during the year.

24. Related party transactions

In September 2016 Iofina plc executed a convertible note in the amount of $15,000,000 with Stena Investment S.à.r.l., who held in excess of 5% of the outstanding common shares. On 14 June 2019 Rene Nominees IOM Limited converted $4,194,737 debt into equity of Iofina plc as described in Note 22. On conclusion of this transaction Rene Nominees IOM Limited held in excess of 10% of the outstanding common shares. Both these transactions were deemed related party transactions pursuant to AIM Rule 13.

In November 2019 the Group made an investment of $900,000 in Organic Vines OP LLC, a company which is controlled by Lance Baller, Iofina's chairman, and in which he has a substantial personal investment.

There are intercompany transactions between the members of the Group. In both 2018 and 2019 all iodine produced by Iofina Resources was sold to Iofina Chemical. Related party balances are as follows:

	31 December 2019 $		31 December 2018 $	
	Due to	Due from	Due to	Due from
Iofina plc	40,820,284	–	39,025,812	40,000
Iofina Resources	900,000	44,925,964	–	42,788,451
Iofina Chemical	4,110,680	5,000	3,802,639	–
IofinaEX	–	900,000	–	–

Additional related party transactions with directors, who are considered to be key management personnel, are set out in the Corporate Governance Statement on page 28. Option grants as described in note 23 are to employees and Directors.

The Company has entered into a number of unsecured related party transactions with its subsidiary undertakings. The most significant transactions carried out between the Company and its subsidiary undertakings are financing.

25. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group defines capital as being share capital plus reserves as shown in the balance sheet. The Directors continue to monitor the level of capital as compared to the Group's commitments and adjust the level of capital as is determined to be necessary by issuing new shares. Iofina plc is not subject to any externally imposed capital requirements. The Directors consider the capital of the Group to be the total equity attributable to the equity holders of the parent of $19.23 million as at 31 December 2019 (2018: $5.95 million).

26. Subsidiary undertakings

Investment in subsidiaries

	Investment in subsidiaries $
Cost	
Balance at 31 December 2017, 2018 and 2019	**$17,199,362**

Due from subsidiaries

	2019 $	2018 $
Cost		
At 1 January	38,985,812	39,755,812
Changes for the year	1,855,279	(770,000)
At 31 December	40,841,091	38,985,812
Impairment		
Impairment of amount due from Iofina Resources, Inc.	(5,300,000)	(5,300,000)
Carrying amount		
At 31 December	**$35,541,091**	**$33,685,812**

An impairment of $5,300,000 was recognised in 2017 in respect of amounts due from Iofina Resources, Inc. (Note 2d).

Subsidiary undertakings

Company	Country of incorporation and operation	Principal activity	Interest in ordinary shares and voting rights
Iofina, Inc.	United States/CO	Holding company	100%
Iofina Resources, Inc.	United States/CO	Iodine production	100%
Iofina Chemical, Inc.	United States/DE	Specialty chemical	100%
IofinaEX, Inc.	United States/KY	CBD development	100%
Iofina Resources, LLC	United States/CO	Dormant	100%
Iofina Resources, LLC	United States/TX	Dormant	100%
Iofina Resources, LLC	United States/OK	Dormant	100%
Atlantis Water Solutions, LLC	United States/MT	Dormant	100%

26. Subsidiary undertakings (continued)

Iofina, Inc. was established in February 2006 and is a wholly owned subsidiary of Iofina plc. Iofina, Inc. owns the whole of the issued share capital of Iofina Resources, Inc. and Iofina Chemical, Inc. Other entities are subsidiaries of Iofina Resources, Inc., the iodine production company.

The registered offices of the above companies are as follows:

Company	Registered office
Iofina, Inc.	8480 East Orchard Road, Greenwood Village CO 80111, USA
Iofina Resources, Inc.	8480 East Orchard Road, Greenwood Village CO 80111, USA
Iofina Chemical, Inc.	306 W. Main Street, Frankfort, KY 40601, USA
IofinaEX, Inc.	212 N 2nd St., Suite 100, Richmond, KY 40475
Iofina Resources, LLC (CO)	8480 East Orchard Road, Greenwood Village CO 80111, USA
Iofina Resources, LLC (TX)	815 Brazos Street, Austin TX 78701, USA
Iofina Resources, LLC (OK)	26610 CR 500, Alva OK 73717, USA
Atlantis Water Solutions, LLC	16192 Coastal Highway, Lewes DE 19958, USA

27. Capital commitments

At 31 December 2019 the Group had capital commitments of approximately $1.8m in respect of the construction of a new plant (2018: $Nil).

28. Post balance sheet events

As of early May 2020 the supply of brine to the newly constructed plant IO#8 reduced substantially, following the shut-in of wells by oil and gas operators in response to the fall in oil prices. IO#8 has not been in operation since then, but the Group expects viable brine volumes to return to IO#8 in the third quarter of 2020 as the USA economy recovers and oil prices stabilise.

In mid May 2020 the Group's operating subsidiaries, Iofina Chemical, Inc. and Iofina Resources, Inc., received loans totalling US$1.09m under the US Small Business Administration's Paycheck Protection Program ('PPP'), which is part of the Coronavirus Aid Relief and Economic Security Act ('CARES Act'). PPP loans, or a portion of the loan, may be forgivable if loan proceeds are used for eligible purposes, including employee retention and payroll. At this time, the Group expects a significant majority of funds received to be eligible for forgiveness under the program.

To the extent that the above events may be regarded as related to COVID-19 they are deemed to be non-adjusting, on the basis that there were only a few cases of COVID-19 prior to 31 December 2019.

29. Contingent liabilities

All previous disclosed liabilities have been settled and are not material events for the Group.

30. Ultimate controlling party

There is no ultimate controlling party of the Group.

Iofina and the environment

Iofina promotes, wherever possible, environmental sustainability in its working practices and seeks to minimise, mitigate, or remedy any harmful effects from the Group's operations on the environment at each of its operational sites. To continue that effort through all aspects of business, this report has been produced to minimise its effect on the environment by using thinner paper, fewer pages, smaller type set, and non-colour printing as much as possible. As part of this effort Iofina is trying to move attention to its online annual reports available at **www.iofina.com**. By being a better steward of the environment, Iofina saves valuable shareholder funds instead of producing glossy magazine pages throughout the whole document.

This page does not form part of the statutory financial statements.