



16 January 2020

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

## **Market Update**

### **Strong H2 2019 culminates in record year of iodine production**

#### **Iodine spot prices up 20% YoY**

Iofina plc, specialists in the exploration and production of iodine and manufacturers of specialty chemical products, is pleased to update the market on an exceptional year for the Group, in which it produced a record volume of crystalline iodine and continued to execute on the Group's commitment to growth and increased profitability.

#### **2019 Performance**

##### **Iofina Resources:**

- A record year of crystalline iodine production
  - Full year 2019 production totalled 602.7 metric tonnes ("MT") of crystalline iodine (FY 2018: 588.8MT)
  - Produced 316MT of crystalline iodine in H2 2019, in-line with the 305-325MT half year expectation
- Commenced construction of new plant IO#8, currently on time and within budget
- H1 2020 production currently forecast at 315-345MT of crystalline iodine
- Continuing exploration program and progressing determination of the next plant site for expansion of iodine production
- Iodine spot prices rose over 20% in 2019 to \$32 - \$37/kg

##### **Iofina Chemical:**

- Record sales of crystalline iodine, mostly spot (to established, preferred customers), some contracted
- Price increases for iodine derivative products lagged somewhat behind those for spot sales
- Non-iodine product sales were strong
- Plant improvements underway to improve process efficiency and maximise production output
- Successful hiring of key personnel in 2019 including Production, Engineering and Quality Managers

##### **IofinaEX:**

- Hemp has been purchased for development
- Successfully isolated first CBD oil product from hemp and continuing development work
- Strategic investment into Organic Vines OP, LLC, a hemp seed growing operation in Colorado
- Working to develop CBD/hemp opportunities in Belize and Central America

During 2019, Iofina achieved a record set of production results, with the Group producing 602.7MT of crystalline iodine (2018: 588.8MT), a 2.3% increase on last year's production output. As a result of the increase in output, combined with rising iodine prices and strong sales from Iofina Chemical's non-iodine products, 2019 was a strong year for the Group.

The construction of IO#8 continues to progress well and the new plant is expected to be brought online in April/May 2020. Concrete work has been completed and the electrical and plumbing work is ongoing, whilst the building and mezzanines are simultaneously being installed. In mid-February the Group expects to install extraction towers and other large systems. Once in production, IO#8 will contribute fully to the Group's H2 2020 production output and will have a similar cost per kilo to Iofina's current lowest per kilo production cost plants.



**Figure 1.** Construction of IO#8 in western Oklahoma

Looking ahead to 2020, the Company expects that iodine production will continue to grow. The Group expects to produce between 315-345 MT of crystalline iodine in H1 2020, with levels increasing even further in H2 2020 due to better weather conditions and the addition of IO#8 increasing the Group's overall production.

Iodine prices rose over 20% in 2019 and, moving into January 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.

Iofina Chemical, the Group's iodine derivative manufacturer located in Covington, KY USA, continues to sell all of the Group's products including crystalline iodine produced by Iofina Resources. In the period under review, and since the Company's placing in June 2019, the Group has been able to allocate the necessary capital to Iofina Chemical to improve efficiencies at the plant in order to meet growing demands for products. Capital spent included improving equipment for certain key iodine derivative products. Additionally, due to increased demand, some operations have increased to a 24/7 work schedule.

The Group remains confident in the potential of IofinaEX, the new business entity which is exploring the isolation of specialty chemical products from hemp, a rapidly expanding market. IofinaEX purchased hemp for development in Q3 2019 and has successfully been able to isolate its first CBD oil

product from hemp. The Group will continue to develop its strategy in the CBD/Hemp space and looks forward to providing an update on the business plan for these operations, both in the USA and globally in countries such as Belize.

**Commenting, President and CEO of Iofina, Dr. Tom Becker, stated:** *"I am delighted to report the Group's exceptional performance in 2019, in which we achieved record iodine production whilst also executing on our expansion at the right time, when iodine prices are continuing to build momentum. With the forthcoming addition of IO#8 we continue to look ahead, and will seek to expand our production capabilities beyond IO#8 this year.*

*"Meanwhile, we are working diligently on debt restructure solutions and are confident we will have a firm plan in place by the time we release our full year results in Q2 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.

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#### ***Iofina Resources***

Iofina Resources develops, builds, owns and operates iodine extraction plants using Iofina's WET® IOsorb® technology. Iofina currently operates four producing IOsorb® plants in Oklahoma is building a fifth site, and is consistently using technology and innovation to improve and expand its operations.

#### ***Iofina Chemical***

Iofina Chemical has manufactured high quality halogen speciality chemicals derived from raw iodine, as well as non-iodine based products for over 35 years.

#### ***IofinaEX***

Iofina's newest subsidiary, IofinaEX, is fully licensed to process hemp in the state of Kentucky and is exploring the isolation of specialty chemical products from hemp, a rapidly expanding market.

***IofinaEX Global***

IofinaEX Global is a Belize based subsidiary company of Iofina exploring CBD/Hemp opportunities in Central America and Caribbean countries.

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

**This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.**