



9 August 2011

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

### **Trading Update**

The Board of Iofina (LSE AIM: IOF), the holding company of a group of companies involved in the exploration and production of iodine, water and natural gas, is pleased to announce a continuation of the growth experienced towards the end of the last financial year. Overall revenues in the first half of the current financial year are ahead of the same period last year at USD\$9.6 million and since April 2011 the Group has been cash flow positive.

#### **Highlights:**

- **Iofina's mid-stream third party iodine collection and extraction business continues to gain new sites and increased capacity**
- **End user agreement secured to purchase 100,000 barrels per day (BPD) of water in both Montana and North Dakota for industrial use**
- **Atlantis field anticipated to be back on line in Q2 2012 with Joint Venture ("JV") partner**
- **Iodine prices continue to surge with recent spot pricing near \$100 a kilogram**

#### **Iofina Chemical**

In the first half of the year sales at the Group's iodine derivatives manufacturer, Iofina Chemical, were strong representing the highest six month revenue performance in the Group's history. Profit margins have improved with EBITDA of USD\$1.3 million (2010: EBITDA of USD\$1.01 million). At the present time, the order book and outlook for the second half of the year is encouraging.

#### **Third party iodine collection**

At Iofina's West Coast Operations in California, design and engineering was completed for installation at the facility to take the full c.30,000 BPD brine stream at the Warren location. The initial design was successfully modified to meet the operator's unexpected requirements of restricted space. The Board anticipates completion of installation by calendar year end. Modification was made to the existing WET® unit to maximize throughput to increase iodine production from 5,000 BPD to 8,500 BPD. During the construction period the Group will continue to extract iodine with the existing WET® POD.

At Iofina's Southwest Operations in Texas, we are adding a flocculation process to pre-treat the water, where such enhanced pre-treatment will enable us to improve the collection of iodine due to the chemistry of the brine at this location. We expect to increase current production to 8,500 BPD in Q3 2011.

At Iofina's Central Operations in Wyoming, initial results from the new Pilot WET® POD are highly encouraging. The pre-treated water coming to the POD is contributing significantly to our recovery with

reduced chemical costs due to less pre-treatment of the brine stream. We plan to continue to increase production through Q3 2011 to take the full capacity of the brine stream.

Iofina continues to collect large volumes of iodine rich brine samples from numerous sites around North America – particularly in California, Texas, Saskatchewan, Louisiana and Oklahoma. Large volumes of iodine rich brine are being found which presents Iofina with ample locations to place WET® PODs.

### **Water treatment**

Iofina is especially pleased to have secured an end-user agreement to purchase 100,000 BPD of water in both Montana and North Dakota for industrial use. The Board is currently finalising a JV agreement with a strategic blue chip partner to cover water rights developmental costs, water treatment facilities, water out take depots, and development drilling at Atlantis. This agreement, if concluded, is likely to have a positive impact on the Group's second half of the year.

### **Outlook**

The Board remains focused to increase production by year-end to an annualized rate of c.250MT of iodine with its existing contracts, while also developing new growth opportunities. The Atlantis field is also anticipated to be back on line in Q2 2012 with our JV partner. Furthermore, the proposed water treatment arrangement with our JV partner will, once concluded, enable Iofina to create a new revenue stream and enter into a market that management believes can be highly lucrative as the water division develops.

Iofina Natural Gas will be exhibiting the Group's acreage position in Northern Montana at the NAPE Expo, the world's largest E&P (upstream) expo, from 17 – 19 August 2011. Our objective is to obtain a partner interested in pursuing the deeper oil shale plays (Bakken and Three Forks) while Iofina retains the shallow rights (Eagle and Virgelle) which make up the Atlantis field - a concept often found in the Oil & Gas industry. The Board believes that, given the large contiguous acreage position of in excess of 200,000 acres, and comprehensive data, it will attract a prospective partner enabling a further monetization of its own Atlantis acreage.

Following the nuclear tragedy in Japan, there has never been a more important time for iodine producing companies. Iodine prices continue to surge with recent spot pricing near \$100 a kilogram. Iofina believes iodine prices will remain high for the foreseeable future as demand is currently outstripping declining supply.

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**About Iofina**

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

Iofina is traded on the London Stock Exchange's AIM Market under the ticker: IOF  
[www.iofina.com](http://www.iofina.com)

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