30 April 2018

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

AUDITED 2017 FINAL RESULTS
EBITDA Positive, Focused on Expansion and Growth

NOTICE OF AGM

Iofina, specialists in the exploration and production of iodine and iodine specialty chemical derivatives, announces its audited final results for the 12 months to 31 December 2017.

The Group increased the amount of iodine produced by six percent year-on-year and has continued to reduce iodine production costs at the Group's IOsorb® plants. Although the average iodine price in 2017 was similar to 2016, the Group improved its financial performance and was EDITDA positive.

Additionally, iodine prices have risen substantially since the middle of 2017, albeit they remain below historic prices. Nevertheless, given the improvements in the Group's operational gearing, and its confidence in being able to produce more crystalline iodine in 2018, the Group stands to benefit from recent price rises and looks forward to further improvements in its financial performance as the Group executes its growth strategy. With the success of IO#7, the Group fully expects to develop a further IOsorb® plant this year, in order to take full advantage of the improving industry backdrop.

2017 Financial Highlights:

- Gross profit increased by US$2.2m from $2.7m (12% of sales) to US$4.9m (23% of sales)
- EBITDA improved by US$2.7m from US$1.3m deficit to US$1.4m surplus
- Revenue decreased by 7% to US$20.8m (2016: $22.5m)
- Operating loss reduced from US$3.3m to US$0.7m
- Loss before tax was US$9.8m (2016: $3.8m) after an impairment charge of $5.3m
- Cash balances increased from US$2.8m to US$3.4m
- Capital investment was US$2.1m (2016: US$0.8m)

2017 Operational Highlights:

- Produced 503 metric tonnes ("MT") of crystalline IOflo® iodine from Oklahoma based IOsorb® plants (2016: 474.2MT)
- Began construction of IO#7 IOsorb® plant in September to execute new focus on growth of iodine production
- Iodine prices increased ~20% from start of 2017 until the start of 2018
- Iofina Chemical successful focus on development and profitability across the product range

Post Period Highlights:

- IO#7 IOsorb® plant online in mid-February 2018, executed within timeline and budget
- 118.2MT of crystalline iodine produced in Q1 2018

- Continuing drive to execute growth strategy to increase iodine output and lower production costs
- IOsorb® plant IO#5 under review to determine optimal utilization
- Iofina Chemical investing for increased capacity of existing products and development of new products
- Iodine prices expected to continue to move upward

Commenting, President and CEO Dr. Tom Becker, stated:
''The Board is pleased with the substantial progress the Company has made throughout the year, which has resulted in an EBITDA profit for the group.

"Continued focus on operational excellence has resulted in increased year-over-year production, despite operating fewer facilities in 2017. The Group is committed to growth, which has now started with the opening of IO#7 in February of 2018. Iofina's pledge to continue to be a lower quartile cost iodine producer with expansion of our iodine production is a continued goal and we fully expect to develop an IO#8 IOsorb® plant this year.

"Iodine prices continue to strengthen, and the Group is well placed to advance its position in the global iodine market. As a result, the Board is confident in the Group's outlook for 2018."

The Company is posting notice of its AGM to shareholders on 30 April 2018. The AGM will be held at 200 Strand, London WC2R 1DJ, on 13 June 2018 at 09.30 a.m.

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About Iofina:

Iofina specialises in the exploration and production of iodine, halogen based specialty chemical derivatives and produced water. Iofina's business strategy is to identify, develop, build, own and operate iodine extraction plants currently focused in North America, based on Iofina's WET® IOsorb® technology. Iofina has production operations in the United States, specifically in Kentucky and Oklahoma. It is a vertically integrated company, covering the process from the production of iodine in the field, to the manufacture of the chemical end-products derived from iodine, supplying them to the consumer, and the recycling of iodine using iodinated side-streams from waste chemical processes. Iofina utilises its portfolio of patented and patent-pending technology, and proprietary methods and trademarks throughout all business lines.

www.iofina.com

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COMPANY INFORMATION

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CHAIRMAN'S STATEMENT

Introduction

The period under review proved to be a pivotal year for the Group as some of the Group's higher production cost competitors were forced into liquidation, receivership or foreclosure. Iodine prices fell to a decade low of $18 in early fourth quarter 2016. Many producers benefited from weaker currencies in which they pay labour and raw material costs compared to sales in the strong US dollar in which iodine generally is transacted. This currency benefit forced prices below where many believed they could go. Iofina's production costs are in US dollars and its sales of products are in US dollars. The currency benefit that many of our competitors enjoyed reversed in late 2017 and into 2018. Iofina continued to focus on the things it could control which are efficiencies, raw material costs and innovative new products. In 2017 we had fewer plants in operation but produced 503 Metric Tonnes (MT) compared to 474.2 MT in the year prior while processing 20% less brine volume. This reduction in brine processed while focusing on extraction efficiencies continued to further reduce our production costs, while contributing to the Group achieving positive EBITDA of $1.4m.

Iofina Resources

In 2017 Iofina Resources ("IR") saw iodine production climb by 6% from 474.2 MT to 503 MT. This increase was despite the loss of production from IO#3 in April and the numerous curtailments at IO#5 throughout the year. These two plants contributed approximately 86 MT to our top line for the year in 2016. However, in the low iodine pricing environment both were a negative to our bottom line where both had a net loss in 2016 which continued into 2017. In 2016 these two facilities accounted for 18% of our production. IO#3 plant was repurposed as described below, and IO#5 plant is being reviewed for potential reconfiguration to improve profitability.

In spite of the variable cost increases associated with the 6% overall increase in iodine production, there was an 8% reduction in overall plant operating expenses. This was a result of the IR Operations Group continuing to improve iodine recovery efficiencies and a concerted effort to control fixed costs. Throughout the year we worked with our partners to improve our operations. IR was able to increase the available water and improve the parts per million (PPM) of iodine beginning mid-year.

After making the decision to close IO#3 and repurpose the plant to a new IO#7 location, the Iofina team worked diligently on the decommissioning and repurposing. New improvements to further reduce costs were incorporated in the building and design layout of IO#7. We completed the construction of the IO#7 plant in February 2018 on time and on budget while including the routing of power near our next possible plant location. The cost of the IO#7 plant over and above materials repurposed from IO#3 plant was on budget at $2.0m. The IO#7 plant is expected to produce significantly more than the IO#3 plant it replaces.

IR continued to improve its health and safety record throughout 2017. The efforts of the group are evident in the reduced incidents year over year. Additional procedures have been implemented in the field to instil a culture of safety and to ensure a healthy and environmentally sustainable workplace.

The Atlantis Field has been impaired by $3.3m in 2017. Efforts are under way to monetize the remaining assets. There are a number of fixed assets as well as the iodine and oil and gas potential at the Atlantis Field. We will be working in 2018 to extract the remaining value from this asset.

Separately, in January 2017 Atlantis Water Solutions, the Group's former water depot project, filed for Chapter 7 Bankruptcy.

Plant level expenses continued to improve throughout 2017 on a cost per kilogram basis in major cost categories year over year. However, while IR continued to tightly manage supply chain purchasing, it experienced higher than normal chemical costs due to high demand and low supply from manufacturers due to hurricanes and/or other maintenance issues at the chemical suppliers production facilities. Despite shortages and price hikes, our plants experienced zero disruptions and prices were increased below average market increases. We continue to work with our suppliers into 2018 on favourable terms, pricing caps, and supply logistics.

IR maintenance and repair cost also decreased and improved on a cost per kilogram basis despite unpredicted costs associated with water treatment sampling and spent sorbent hauling. Significant cost savings were achieved due to better operating practices, selection of equipment, repair modes, and contractor support.

Labour costs across IR were some 4% lower than in 2016. Labour costs per kilogram produced were 9% lower than in 2016 due to the increase in productivity that resulted in 6% higher production output.

Litigation expense associated with protecting IR intellectual property was a major expense in 2017. IR concluded these expenses in early 2018.

The Group continues to aggressively pursue further locations for iodine rich brine streams for the addition of IO#8 plant. Our focus continues to be in Oklahoma although we continue to explore other areas. Newer plays in the state have matured to a level such that we can more accurately identify regions and potential partners. These plays are the second most active in the United States behind the Permian Basin Field. They are dominated by partners that the Group has built relationships with over the years. Additionally, the Group is actively working with our existing partners to locate additional IOsorb® plants in our core area. As a result of our data gathering, the Group is investigating operating its own SWD wells, with the potential of drilling our own brine only wells to tap into some of the more prospective areas where iodine levels remain high and we can control all aspects of our production.

Iofina Chemical

Iofina Chemical ("IC") ended 2017 as one of the most successful years in Iofina Chemical history. The continued strengthening of the iodine markets coupled with robust sales made the second half of the year very strong. IC's outstanding performance for 2017 enabled it to achieve record EBITDA and produce new exciting compounds that it never produced previously. An excellent sales mix along with coming in at budgeted operational expenses produced the better than expected earnings. IC continued to expand internal research and development with additional hirings in 2017. IC's historical offering group of iodine based products showed mixed results with growth in some and declines in others. New product offerings continue to gain strength with improved margins and more robust potential uses. Looking into 2018 the continued rising iodine market and predicted continued growth of niche products are set to make 2018 an exceptional year at IC.

Iodine Market

Iodine pricing continues to be well below historical levels but improved immensely throughout 2017. Typical pricing late in 2017 for large purchases of prilled iodine ended near $24/kg and slightly lower in Asia. This is over a 20% increase in price YOY. Demand for iodine and iodine derivatives remained typical with approximately 3% growth globally with X-ray contrast media and LCD applications leading demand.

The Group believes that iodine prices are likely to rise gently in 2018 as demand continues to grow at a modest pace and several Chilean producers have taken mines off-line or reduced output in prior years. Inventory levels and indications from the largest iodine producer that it intends to increase market share from current levels is likely to keep any iodine price increases modest in the near term. Iodine prices in Q1 2018 moved slightly higher relative to late 2017 and this trend, of a modest increase in pricing, has continued in Q2. While not certain, long term the Board expects prices to recover towards historic trends. Revenues and earnings for Iofina are directly affected by iodine pricing.

Safety and Environmental

Iofina is committed to run our operations 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 produced stream is currently 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 our EHS policies and programs. Iofina Chemical is a Chemstewards® certified facility. Iofina Resources and Iofina Chemical each have an EHS manager to oversee our practices, and upper management personnel are regularly updated on EHS performance matrices.

Outlook

The Group's is excited about the recent commissioning of IO#7 and a strong 2018. Iofina has been able to control costs of production in order to achieve overall plant level profitability during a period when iodine prices have been under pressure. These pricing challenges in the last three years have caused our competitors to shut down plants or cease as an operating entity altogether. While others have had to shut down or reduce operations, Iofina is looking to expand operations in order to continue to reduce our production costs. By adding more efficient plants the Group expects to be a lower quartile producer and reduce our current production costs. The Group has focused on growth opportunities in high iodine content areas with favourable operating costs. We are excited about the future locations that we have under contract and the future ones we are pursuing. We continue to evaluate operating our own brine wells and disposal sites to control more of the variables while reducing costs. Our Chemical group continues to perform well under the current management team. Our employees are truly what sets Iofina apart from any of its competitors. Our employees continue to innovate, reduce costs, find new target areas, and create new chemical compounds, all while maintaining a safe working environment.

I would like to thank all our shareholders for their patience as the Group has steered around the environment of record historically low iodine prices and less than ideal locations of certain Group plants. The Group feels that it has survived these challenging times which in turn will lead to increased earnings for the Group and EBITDA growth in the coming years.

Lance J Baller
Non-Executive Chairman
Iofina plc
27 April 2018

FINANCIAL REVIEW

Summary year on year

- Revenue decreased by 7% from $22.5m to $20.8m
- Gross profit increased by $2.2m from $2.7m (12% of sales) to $4.9m (23% of sales)
- EBITDA improved by $2.7m from $1.3m deficit to $1.4m surplus
- Operating loss reduced from $3.3m to $0.7m
- Impairment expenses of $5.3m have been recognised in respect of the Montana Atlantis Field project and the repurposing of IO3 plant equipment to the new IO7 plant
- A revaluation charge of $1.1m has been recognised in respect of share conversion rights relating to convertible notes (2016 revaluation credit of $2.1m)
- Loss before tax increased from $3.8m to $9.8m
- Cash balances increased from $2.8m to $3.4m
- Capital investment was $2.1m (2016: $0.8m)
- $3m of the term loan facility was drawn down, primarily to finance the construction of IO#7 plant

Trading results

Total revenue fell by 7% from $22.5m to $20.8m, but gross margin improved by $2.2m from $2.7m (12% of sales) to $4.9m (23% of sales). This improvement was driven principally by a reduction in iodine production costs of sale, a focus on the profitability of products sold, and a volume increase in non-iodine sales.

Revenue from sales of iodine and iodine derivatives fell by 20% from $15.9m to $12.8m. One-off sales of third party iodine in 2016 to support sales of Iofina produced iodine accounted for $1.4m of this decrease. Sales of crystallised iodine were down some 30% in volume terms as a result of an inventory reduction campaign in 2016, and sales of iodine derivatives were down some 10% in volume terms.

Iodine prices fell by in excess of 20% throughout 2016 but began a recovery in mid 2017, and by year end had regained much of the ground lost the previous year. Overall, sales pricing achieved for both crystallised iodine and iodine derivatives was at a similar level to 2016, and a 17% reduction in iodine per kilo costs of sales improved margins by $1.5m.

Sales of non-iodine products increased by 22% from $6.5m to $8.0m reflecting volume increases, with selling prices and margins in line with 2016.

As well as the $2.2m improvement in gross profit there was a further $0.5m improvement at the EBITDA level, as administrative expenses excluding depreciation and amortisation fell from $4.0m to $3.5m, the main factor being a reduction in legal fees.

Impairment expenses

After a thorough reassessment the full $3.3m carrying value of Montana Atlantis Field assets, which are mostly intangible items connected with former expenditure on leases and infrastructure installation costs, has been impaired as the Group no longer intends to take the project forward. A further $2.0m impairment has been recognised in respect of the balance of installation and other costs related to IO#3 plant remaining after the repurposing of its transferable assets for the construction of the new IO#7 plant. Further details of these impairments appear in notes 10 and 12 to the accounts.

Working capital

Operating cash inflow before changes in working capital was $1.4m compared to an outflow of $1.3m in 2016. Working capital changes reduced this figure by $1.7m to a net operating cash outflow of $0.3m, the largest item being a $0.8m reduction in payables, much of which relates to one-off accumulated legal fees liabilities at end 2016 that were paid off in 2017. After capital expenditure of $2.1m and funds of $3m from the term loan facilty there was an overall net cash inflow of $0.6m, which increased the cash balances from $2.8m to $3.4m.

Capital investment

The Group incurred $2.1m of capital expenditure, of which $1.55m relates to the construction of IO#7 plant and $0.35m to improvements at the chemical processing facility. Costs to complete IO#7 plant are approximately $0.4m.

Funding

The Group's cash flow continues to benefit from the ability to roll up and capitalise interest on its term loan and convertible notes. Such interest amounted to $1.1m for 2017 and is added to the amount repayable, which at end 2017 amounted to $24.4m. Other 2017 expenses related to this funding were $1.6m amortisation of the convertible notes and $1.1m revaluation charge in respect of the derivative liability relating to share conversion rights. These latter items are technical accounting adjustments and have no impact on the Group's cash flow.

Malcolm Lewin

Malcolm Lewin
Chief Financial Officer
Iofina plc
27 April 2018

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.

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 production of iodine with complete vertical integration into the specialty chemical iodine derivatives business. Iodide in brine water is sourced from partnerships with oil and gas operators in the United States and is used as a raw material for the production of iodine at the Group's multiple IOsorb® plants. Iodine containing or other halogen based products 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.

Iodine is a rare element that is produced only in a few countries in the world, with approximately 90 percent produced from Chile (~58 percent) and Japan (~30 percent), including recycled waste streams). 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 (approximately 23%) 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 for the production of 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 producers is advantageous for long term raw material sourcing and minimized production and expansion costs. The ability of the Group to expand its iodine production quickly, at low cost, differentiates Iofina from other iodine producers. 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 halogen derivatives 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 different brine suppliers in our core area in Oklahoma. 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. 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. Research and Development remains a top focus at Iofina in order to improve on current systems, and be at the forefront of new technologies, new halogen based products and applications in our core competencies.

Iodine prices are a key consideration for the Group. Since 2012, iodine prices have fallen dramatically from all-time highs which were, at the time, a result of market supply shortages. Prices began to stabilise at the end of 2016 and into early 2017. Iodine prices rose in 2017 from these lows and by the end of 2017 were approximately 20% higher than iodine prices at year end 2016. Iodine prices have continues this upward trend in early 2018 but are still well below 2011 iodine prices before the Fukushima disaster. As an iodine manufacturer, iodine prices have a significant impact on the Group's gross profit margins. The Group believes that global iodine consumption continues to grow at rates of approximately 3% per year.

The direction of Iofina Resources changed in 2017 as expansion of iodine production became a major objective. After careful consideration, the Company determined the site for a new iodine plant, IO#7. During this time, an evaluation of IO#3 determined that due to uncertainty of brine supply and the relatively high cost of iodine production at IO#3, the best course of action was to repurpose much of IO#3 for iodine production at a new site. IO#7 construction started in September 2017 and was in production by February 2018. It is expected that IO#7 will reduce the Company's overall per unit cost to produce iodine. The Directors expect that prudent expansion will remain a top expectation for the Group moving forward. Iofina Chemical continues to be recognized 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 provided to Iofina's global customers for the goods sold to them. Additionally, the non-iodine based halogen derivatives produced by Iofina Chemical give 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 2017	**Year ended 31 December 2016**
Revenue from sales of iodine and iodine derivatives	$12,814,677	$15,944,042
Revenue from non-iodine products	$8,013,486	$6,548,872
Total revenue	$20,828,163	$22,492,914
Total pounds of product shipped	2,045,625	2,339,328
Metric tonnes of crystallised iodine produced	503	474
IOsorb® plants in operation (year-end)	4	5

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 8.

Objectives

At the end of 2017 the Group had four operating iodine production facilities in the Group's core area in Oklahoma and another plant, IO#7 under construction which repurposed the transferable assets of IO#3. 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' focus changed in 2017. While there continued to be emphasis placed on improved efficiencies and lowering costs at current facilities, the Company renewed its objective of strategic expansion of iodine production by starting construction of IO#7. This objective of strategic expansion in 2017 and beyond is focused on sites that will continue to improve Iofina's output with low production costs. With regulatory challenges that were implemented in previous years, the Company successfully worked with its existing partners to improve the amount of iodide available at some sites and will continue to try to maximize value obtained at current locations. 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 approximately 20 percent from the start to the end of 2017), availability of and costs to produce iodine at new sites, partnership agreements, and the regulatory landscape with respect to brine injection. The Group is also exploring 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 of the organisation. Expansion in 2018 is likely and the Group is currently investigating various options including the future of IO#5 and its assets.

Iofina Chemical has continued to invest in projects to increase capacities of current products and develop new halogen based production. A new expansion of one of our largest production lines is expected to be completed in Q2 2018. Additionally Iofina Chemical in 2017 successfully started a new partnership to create and recycle a new iodine based product for the organization. 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.

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:

Exploration: 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. 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.

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 in 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. New regulations on brine injections 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. 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.

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. International prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future. 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. Price fluctuations of other major raw materials used by Iofina Chemical would likely impact its operations as well. The approximately 20% increase of iodine prices from year-end 2016 to year-end 2017 is a positive sign for the Group but is not guaranteed to continue, although prices for iodine in 2018 have continued to rise from year-end 2017 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 2017, 20 percent (2016; 20 percent) of revenue recognised was attributable to one long term customer, a distributor. Relations with this customer are good. Additionally in 2017, 17 percent (2016; 11 percent) of revenue recognized was attributable to another long term customer. Relations with this customer are good.

Key Partners: Iofina partners with third party oil and gas producers to process iodine rich brine they extract with oil and gas production. With the recent fluctuation of oil and gas prices in the US, the financial stability of oil and gas producers is less certain than a few years ago although oil prices did increase in H2 2017. 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: 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. Current regulatory issues include possible ongoing Oklahoma Corporation Commission restrictions for our partners' brine injections into Arbuckle formation disposal wells as a result of seismic concerns, and the trade of hydriodic acid into China by Iofina Chemical which is currently undergoing an anti-dumping inquiry. 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.

Going concern

The Directors recognize that the Group's Convertible Loan Notes and the debt from the Term Loan Facility, described in notes 19 and 20, are due 1 June 2019. The Directors are actively working towards arrangements that at a minimum continue the current funding levels and are confident that a successful and timely outcome can be realised. On this basis the directors consider that at its current stage of development the Group does not need to raise additional funds in order to realise its business plan. The Group has prepared forecasts and projections on the foregoing basis that indicate there are adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Directors 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

27 April 2018

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2017.

Strategic report

In accordance with S414C (11) of the Companies Act 2006: included in the Strategic Report on pages 11 to 15 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
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
27 April 2018

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of the Company ("Board") acknowledges that adhering to rules of good corporate governance is in the best interests of the Company and its shareholders. All the Directors remain committed to high standards of corporate governance and consider that the Board progressively adopts best practices. The following sections describe how the Board has applied the principles that they consider relevant to a company of Iofina's size and stage of development.

Board structure and committees

The Board currently comprises two executive directors and two non-executive directors. The roles of Chairman and Chief Executive Officer are separate, ensuring a division of responsibilities at the head of the Company. The Non-Executive Chairman conducts Board and shareholder meetings and ensures all directors are properly briefed. The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets and major items of capital expenditure.

Board meetings are scheduled to take place at least quarterly, with additional meetings to review and approve significant transactions. The Board is provided with Board papers before each Board meeting, of which there were four in the year. The Company Secretary's services are available to all members of the Board. If required, the directors are entitled to take independent advice and if the Board is informed in advance, the Company will reimburse the cost of the advice. The appointment and removal of the Company Secretary is a decision for the Board as a whole.

Non-executive directors, with the exception of the Chairman, are appointed on a contract with a three month notice period. The Chairman and the executive directors are appointed on a contract with a twelve month notice period. All directors are subject to re-election. Each year, one third of the directors are subject to re-election by rotation. New directors are subject to re-election at the first AGM after their appointment.

At the year end, the Board comprised the Non-Executive Chairman, the Chief Executive, the Chief Financial Officer, and one other non-executive director.

Remuneration Committee and policy

The Remuneration Committee is composed of two non-executive directors: L J Baller (Chairman), and W D Bellamy. It is responsible for the terms and conditions and remuneration of the executive directors and senior management. The Remuneration Committee's policy is that directors' remuneration be commensurate with services provided by them to the Company. The Remuneration Committee may consult external agencies when ascertaining market salaries. All matters concerning the remuneration of executive directors, including the award of bonuses and share options, are considered by the Remuneration Committee.

The remuneration and terms and conditions of appointment of the non-executive directors are set by the Board. No director or member of the senior management is permitted to participate in discussions or decisions concerning his own remuneration. A member of the Remuneration Committee will be available at the AGM to answer any shareholder questions.

Audit Committee

The Audit Committee is comprised of two non-executive directors: L J Baller (Chairman) and W D Bellamy. The Committee monitors the adequacy of the Group's internal controls and provides the opportunity for the external auditor to communicate directly with the non-executive directors.

The Audit Committee also ensures that the external auditor is independent via the segregation of audit related work from other accounting functions and measures applicable fees with similar auditors.

Relations with shareholders

The Group gives high priority to its communication with shareholders by means of an active investor relations programme. This is achieved through correspondence and extensive corporate information. In addition, the Group visits its main institutional investors on an ongoing basis and makes available to all shareholders, free of charge, its Interim and Annual Reports from the Group's head office and on its website. At the AGM the shareholders are given the opportunity to question members of the Board.

Internal controls

The Board acknowledges its responsibility for the Group's system of internal control, including suitable monitoring procedures. There are inherent limitations in any system of internal control, and accordingly even the most effective system can provide only reasonable, and not absolute, assurance with respect to the preparation of financial information and the safeguarding of assets.

The Group's control environment is the responsibility of the Group's directors and managers at all levels. The Group's organisational structure has clear lines of responsibility. Operating and financial responsibility for subsidiary companies is delegated to the operational management, including key risk assessment. Investment policy, acquisition and disposal proposals and major capital expenditure are authorised and monitored by the Board.

The Group operates a comprehensive budgeting and financial reporting system and, as a matter of routine, compares actual results with budgets, which are approved by the Board.

Management accounts are prepared for the Group on a monthly basis. Material variances from budget are thoroughly investigated. In addition, where appropriate updated forecasts are prepared, to reflect actual performance and the revised outlook for the year.

The Board considered the usefulness of establishing an internal audit function and decided, in view of the size of the Group, it was not cost-effective to establish. This will be kept under review.

SOCIAL RESPONSIBILITY STATEMENT

The Group supports the growing awareness of social, environmental and ethical matters when considering business practices. See http://iofina.com/community/social-responsibility for an outline of the policies in place that guide the Group and its employees when dealing with social, environmental and ethical matters in the workplace.

Directors' remuneration

Remuneration provided to each director was as follows:

	2017			2016		
	Salary	Bonus	Total $	Salary	Bonus	Total $
Lance Baller	108,755	-	108,755	107,519	-	107,519
Dr. Thomas Becker	208,000	70,000	278,000	208,000	-	208,000
Malcolm Lewin	145,000	30,000	175,000	22,307	-	22,307
Neil Hekking	-	-	-	15,580	-	15,580
William Bellamy	30,000	-	30,000	30,000	-	30,000
Total	**$491,755**	**$100,000**	**$591,755**	**$383,406**	**-**	**$383,406**

No pension contributions were paid on behalf of the directors in 2016 or 2017.

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

The interests of the directors in office as at 31 December 2017 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 2017	1 January 2017
L J Baller (1)	4,500,000	4,500,000
Dr. T M Becker	-	-
W D Bellamy	-	-
M T Lewin	-	-

(1) Comprised of beneficial ownership of shares.

In addition to these shares Dr. T M Becker was granted options for 250,000 shares on 2 July 2011 with an exercise price of 30 pence. No other director has any interests in options in the Company. No directors exercised options in 2017.

On behalf of the Board

Dr. Thomas M. Becker
Chief Executive Officer and President
27 April 2018

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IOFINA PLC
FOR THE YEAR ENDED 31 DECEMBER 2017

Opinion

We have audited the financial statements of Iofina Plc for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Cash Flow Statements, 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 and Parent Company's affairs as at 31 December 2017 and of the Group and Parent company's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- 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.

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group and Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IOFINA PLC
FOR THE YEAR ENDED 31 DECEMBER 2017

Our assessment of risks of material misstatements

We identified the following risks of material misstatement that we believe had the greatest impact on our overall audit strategy and scope, the allocation of resources in the audit and directing the efforts of the engagement team. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition 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. There is a rebuttable risk of fraudulent revenue recognition and our audit procedures consider that this risk should be treated as a significant risk. In this regard, we consider that there is a risk over the existence and completeness assertions relating to revenue recognition.	We have tested the completeness of sales by selecting a sample of items from outside of the Groups accounting system. Whilst performing our audit testing we ensured that the treatment of revenue was in accordance with the correct recognition criteria as per the Group accounting policy. We have audited revenue for cut-off by testing pre and post year-end sales by the Group to ensure that sales are accounted for in the correct period. We have not found any issues or errors involving sales and are therefore satisfied we have assurance over sales recognition and treatment.
Management override of controls Intrinsically there is always a risk of material misstatement due to fraud as a result of possible management override of internal controls.	We reviewed the nominal ledger accounts, journals and cash transactions to identify any unusual or exceptional transactions. We investigated and tested a sample of items to ensure amounts paid during the year related to business expenses and that transactions were appropriate. We reviewed and enquired into the accounting systems, processes, controls and segregation of duties that existed in the Company and the Group. We also evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement of fraud.

	During the audit we found no evidence of management override of internal control by the directors.
Valuation and Impairment review of property plant and equipment Property, plant and equipment are a significant balance in the financial statements. As such Impairment of Assets must be considered, with a robust review of all assets held. The directors are required to conduct impairment tests where they have identified there is an indication of impairment of an asset.	During the audit we were provided with an impairment review of the property plant and equipment assets held by the Group at the year end. We reviewed and tested this taking into consideration the significant investment requirement at Montana Atlantis Field and the repurposing of Equipment and Machinery to I07 from IO3 in the year. We tested the transfer of assets from I03 to IO7, ensuring the assets were correctly transferred over to the new plant and the remaining materials were not included in error. We are satisfied that no further 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. 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.	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. The directors identified that an impairment was required given the current position of Iofina Resources, Inc. and considered an impairment of $5,300,000 was appropriate. We performed a sensitivity analysis on the key inputs into the impairment review and concluded the impairment recognised by the Directors was sufficient.
Valuation of Inventory The group is involved with the exploration and production of Iodine. The inventory held by the group is required to be held at the lower of cost and net realisable value (NRV).	We attended a stocktake at two of the Group's plant locations on the 29 December 2017, 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 product based on the absorption cost. A Sample

There is a risk that the inventory held has not been correctly valued at the lower of cost and NRV in accordance with the Group's policy	of products was then tested to ensure the product was held at the lower of cost and NRV. We did not find any material issues or errors in respect of the valuation of inventory
Convertible Loan notes/derivative liability The group entered into a convertible loan arrangement in 2016. This arrangement is deemed to be a complex financial instrument; as such there is a risk that the valuation and disclosure within the financial statement is not in line with IFRS.	We reviewed the contractual documentation of the convertible loan notes and the conditions attached. The liability element of the convertible loan note was recalculated to ensure completeness of the liability at the year end. The residual embedded derivative was recalculated using the Black-Scholes model. This was compared to an average net present value taking into account the equity price of company and the impact of foreign exchange. The Groups valuation fell within our acceptable range for the option given the judgments used within the calculation.
Opening Balances The audit for 31 December 2016 was not performed by UHY Hacker Young. Although the prior year auditors issued an unqualified opinion, as newly appointed auditors we are required to obtain sufficient appropriate audit evidence about whether the opening balances contain misstatements that materially affect the current period's financial statements.	We reviewed the audit work, and working papers of the prior year auditors RSM UK Audit LLP in respect of the group for the year ended 31 December 2016. We assessed whether there are any additional areas we should review from the prior year financial statements or whether we are satisfied with the audit work undertaken. During the audit process where material or significant risk areas were identified the prior year balance opening balances were tested. We did not find any errors or issues in relation to opening balances.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IOFINA PLC
FOR THE YEAR ENDED 31 DECEMBER 2017

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 reasonable users.

We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Overall materiality	We determined materiality for the financial statements as a whole to be $208,000.
How we determine it	Based on the main key indicator, being turnover of the Group.
Rationale for benchmarks applied	We believe turnover to be the most appropriate benchmark due to the size and the nature of the Company and Group.
Performance materiality	On the basis of our risk assessment, together with our assessment of the Company's control environment, our judgement is that performance materiality for the financial statements should be 0.75% of Turnover at $156,000.

We agreed with the Audit Committee that we would report to them all misstatements over $10,400 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IOFINA PLC
FOR THE YEAR ENDED 31 DECEMBER 2017

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 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 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 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/apb/scope/private.cfm. This description forms part of our auditor's report.

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

Quadrant House
4 Thomas More Square
London E1W 1YW
27 April 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2017 $	Year ended 31 December 2016 $
Revenue	3	20,828,163	22,492,914
Cost of sales	4	(15,967,563)	(19,792,197)
Gross profit		**4,860,600**	**2,700,717**
Administrative expenses	4	(5,540,185)	(6,019,794)
Operating loss		**(679,585)**	**(3,319,077)**
Impairment expense	4	(5,280,551)	(469,263)
Finance expense	6	(2,750,908)	(2,093,693)
Finance income	7	3,617	923
Revaluation of derivative liability	19	(1,078,399)	2,108,528
Loss before taxation	4	**(9,785,826)**	**(3,772,582)**
Taxation	8	51,000	108,308
Loss for the year attributable to owners of the parent		**$(9,734,826)**	**$(3,664,274)**
Other comprehensive income – items that may subsequently be reclassified through profit or loss			
Foreign currency differences on translating foreign operations		(1,761)	(5,597)
Other comprehensive income for the year, net of income tax		**(1,761)**	**(5,597)**
Total comprehensive income for the year attributable to owners of the parent		**$(9,736,587)**	**$(3,669,871)**
Basic and diluted loss per share attributable to owners of the parent	9	$(0.076)	$(0.029)

All activities are classed as continuing.

The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET

	Note	31 December 2017 $	31 December 2016 $
Assets			
Non-current assets			
Intangible assets	10	1,965,957	4,631,254
Goodwill	11	3,087,251	3,087,251
Property, plant and equipment	12	19,331,538	21,992,730
Total non-current assets		**24,384,746**	**29,711,235**
Current assets			
Inventories	13	4,313,499	3,956,338
Trade and other receivables	15	4,621,681	4,096,495
Cash and cash equivalents	16	3,449,681	2,815,712
Total current assets		**12,384,861**	**10,868,545**
Total assets		**$36,769,607**	**$40,579,780**
Equity and liabilities			
Current liabilities			
Trade and other payables	17	4,214,586	5,045,111
Total current liabilities		**4,214,586**	**5,045,111**
Non-current liabilities			
Deferred tax liability	18	231,233	282,233
Term loan	19	3,074,846	-
Convertible loan notes	19	18,675,998	16,021,304
Convertible loan notes – derivative liability	19	3,607,001	2,528,602
Total non-current liabilities		**25,589,078**	**18,832,139**
Total liabilities		**$29,803,664**	**$23,877,250**
Equity attributable to owners of the parent			
Issued share capital	21	2,292,683	2,292,683
Share premium	21	48,991,647	48,991,647
Share-based payment reserve		1,634,390	1,634,390
Retained earnings		(40,017,971)	(30,283,145)
Foreign currency reserve		(5,934,806)	(5,933,045)
Total equity		**$6,965,943**	**$16,702,530**
Total equity and liabilities		**$36,769,607**	**$40,579,780**

The financial statements on pages 30 to 67 were approved and authorised for issue by the Board and were signed on its behalf on 27 April 2018.

Dr. Thomas M. Becker
Chief Executive Officer and President
Company number: 05393357
The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Attributable to owners of the parent						
	Share capital	Share premium	Share-based payment reserve	Equity reserve	Retained earnings	Foreign currency reserve	Total equity
	$	$	$	$	$	$	$
Balance at 1 January 2016	**$2,292,683**	**$48,991,647**	**$1,634,390**	**$2,133,501**	**$(28,378,721)**	**$(5,927,448)**	**$20,746,052**
Transactions with owners							
Adjustment on derecognition of convertible loan notes	–	–	–	(373,651)	–	–	(373,651)
Transfer on derecognition of convertible loan notes	–	–	–	(1,759,850)	1,759,850	–	–
Total transactions with owners	**–**	**–**	**–**	**(2,133,501)**	**1,759,850**	**–**	**(373,651)**
Loss for the year attributable to owners of the parent	–	–	–	–	(3,664,274)	–	(3,664,274)
Other comprehensive income							
Exchange differences on translating foreign operations	–	–	–	–	–	(5,597)	(5,597)
Total comprehensive income attributable to owners of the parent	**–**	**–**	**–**	**–**	**(3,664,274)**	**(5,597)**	**(3,669,871)**
Balance at 31 December 2016	**$2,292,683**	**$48,991,647**	**$1,634,390**	**–**	**$(30,283,145)**	**$(5,933,045)**	**$16,702,530**
Loss for the year attributable to owners of the parent	–	–	–	–	(9,734,826)	–	(9,734,826)
Other comprehensive income							
Exchange differences on translating foreign operations	–	–	–	–	–	(1,761)	(1,761)
Total comprehensive income attributable to owners of the parent	**–**	**–**	**–**	**–**	**(9,734,826)**	**(1,761)**	**(9,736,587)**
Balance at 31 December 2017	**$2,292,683**	**$48,991,647**	**$1,634,390**	**–**	**$(40,017,971)**	**$(5,934,806)**	**$6,965,943**

CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 December 2017 $	Year ended 31 December 2016 $
Cash flows from operating activities		
Loss before taxation	(9,785,826)	(3,772,582)
Adjustments for:		
Depreciation	1,821,685	1,777,493
Amortisation	258,322	268,375
Impairment expense	5,302,551	469,263
Construction in progress expenditure written off	26,107	-
Finance expense	2,750,908	2,093,693
Finance income	(3,617)	(923)
Revaluation of derivative liability	1,078,399	(2,108,528)
Operating cash inflow/(outflow) before changes in working capital	**1,448,529**	**(1,273,209)**
Changes in working capital		
Increase in trade and other receivables	(525,186)	(1,243,221)
(Increase)/decrease in inventories	(357,154)	2,433,229
(Decrease)/increase in trade and other payables	(830,534)	534,406
Net cash inflow/(outflow) from operating activities	**(264,345)**	**451,205**
Cash flows from investing activities		
Interest received	3,617	923
Acquisition of intangible assets	(645)	(135,681)
Acquisition of property, plant and equipment	(2,081,530)	(669,735)
Net cash outflow from investing activities	**(2,078,558)**	**(804,493)**
Cash flows from financing activities		
Interest paid	(21,367)	(982,179)
Term loan	3,000,000	-
Net cash inflow/(outflow) from financing activities	**2,978,633**	**(982,179)**
Net decrease in cash and cash equivalents	**635,730**	**(1,335,467)**
Effects of foreign exchange	(1,761)	(5,597)
	633,969	(1,341,064)
Cash and cash equivalents at beginning of year	**2,815,712**	**4,156,776**
Cash and cash equivalents at end of year	**$3,449,681**	**$2,815,712**

COMPANY BALANCE SHEET

	Note	31 December 2017 $	31 December 2016 $
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	34,455,812	37,315,810
Trade and other receivables	15	3,099	1,209
Cash and cash equivalents	16	14,789	105,405
Total current assets		**34,473,700**	**37,422,424**
Total assets		**$51,673,062**	**$54,621,786**
Equity and liabilities			
Current liabilities			
Trade and other payables	17	139,593	88,031
Total current liabilities		**139,593**	**88,031**
Non-current liabilities			
Term loan	19	3,074,846	–
Convertible loan notes	19	18,675,998	16,021,305
Convertible loan notes – derivative liability	19	3,607,001	2,528,602
Total non-current liabilities		**25,357,845**	**18,549,907**
Total liabilities		**25,497,438**	**18,637,938**
Equity attributable to the owners of the parent			
Issued share capital	21	2,292,683	2,292,683
Share premium	21	48,991,647	48,991,647
Share-based payment reserve		1,634,390	1,634,390
Retained earnings		(20,993,276)	(11,816,813)
Foreign currency reserve		(5,749,820)	(5,748,059)
Total equity		**26,175,624**	**35,983,848**
Total equity and liabilities		**$51,673,062**	**$54,621,786**

The loss for the financial year dealt with in the financial statements of the parent company was $9,806,463 (2016 loss $610,887).

The financial statements on pages 30 to 67 were approved and authorised for issue by the Board and were signed on its behalf on 27 April 2018.

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	Equity reserve	Retained earnings	Foreign currency reserve	Total equity
	$	$	$	$	$	$	$
Balance at 1 January 2016	**$2,292,683**	**$48,991,647**	**$1,634,390**	**$2,133,501**	**$(12,335,776)**	**$(5,742,462)**	**$36,973,983**
Transactions with owners							
Adjustment on derecognition of convertible loan notes	–	–	–	(373,651)	–	–	(373,651)
Transfer on derecognition of convertible loan notes	–	–	–	(1,759,850)	1,759,850	–	–
Total transactions with owners	**–**	**–**	**–**	**(2,133,501)**	**1,759,850**	**–**	**(373,651)**
Loss attributable to owners of the parent	–	–	–	–	(610,887)	–	(610,887)
Other comprehensive income							
Exchange differences on translating foreign operations	–	–	–	–	–	(5,597)	(5,597)
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(610,887)**	**(5,597)**	**(616,484)**
Balance at 31 December 2016	**$2,292,683**	**$48,991,647**	**$1,634,390**	**–**	**$(11,186,813)**	**$(5,748,059)**	**$35,983,848**
Loss attributable to owners of the parent	–	–	–	–	(9,806,463)	–	(9,806,463)
Other comprehensive income							
Exchange differences on translating foreign operations	–	–	–	–	–	(1,761)	(1,761)
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(9,806,463)**	**(1,761)**	**(9,808,224)**
Balance at 31 December 2017	**$2,292,683**	**$48,991,647**	**$1,634,390**	**–**	**$(20,993,276)**	**$(5,749,820)**	**$26,175,624**

COMPANY CASH FLOW STATEMENT

	Year ended 31 December 2017 $	Year ended 31 December 2016 $
Cash flows from operating activities		
Loss before taxation	(9,806,463)	(610,887)
Adjustments for:		
Finance expense	2,729,541	2,089,943
Revaluation of derivative liability	1,078,399	(2,108,528)
Impairment of investment in subsidiary	5,300,000	–
	(698,523)	(629,472)
Changes in working capital		
(Increase)/decrease in other receivables	(1,890)	5,274
Increase/(decrease) in trade and other payables	51,560	(277,414)
Net cash outflow from operating activities	**(648,853)**	**(901,612)**
Cash flows from investing activities		
(Advances to)/repayments from subsidiaries	(2,440,002)	1,929,724
Net cash inflow from investing activities	**(2,440,002)**	**1,929,724**
Cash flows from financing activities		
Term loan	3,000,000	–
Interest paid	–	(978,429)
Net cash inflow/(outflow) from financing activities	**3,000,000**	**(978,429)**
Net (decrease)/increase in cash and cash equivalents	**(88,855)**	**49,683**
Effects of foreign exchange	(1,761)	(5,597)
	(90,616)	44,086
Cash and cash equivalents at beginning of year	**105,405**	**61,319**
Cash and cash equivalents at end of year	**$14,789**	**$105,405**

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 200 Strand, London, WC2R 1DJ. 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

There were no IFRS standards or IFRIC interpretations adopted for the first time in these financial statements that had a material impact on the Group’s financial statements.

Management is still evaluating standards, amendments and interpretations which are effective for reporting periods beginning after the date of these financial statements and have not been adopted early, but does not currently expect their implementation to have a material effect on the Group’s financial statements.

c) Presentation 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.

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 consists of sales of iodine derivatives, iodine, chemicals and ancillary products. Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied, excluding VAT, rebates and trade discounts.

Revenue is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Group, the costs incurred or to be incurred can be measured reliably and when specific criteria have been met for each of the Group’s activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Group manufactures and sells a range of iodine derivatives and specialty chemicals. Sales of goods are recognised when a Group entity has delivered products to the customer. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied and collectability is reasonably assured.

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 2017, all research and development expenditures were expensed as incurred.

f) Going concern

The refinancing in 2016 of the Company's $20,000,000 Convertible Loan Notes and the arrangement of a new $10,000,000 Term Loan Facility are set out in Notes 19 and 20 respectively. On the basis of the terms of these arrangements the directors consider that at its current stage of development the Group does not need to raise additional funds in order to realise its business plan. The Group has prepared forecasts and projections that indicate there are adequate resources to continue in operational existence for the foreseeable future. For these reasons, 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 2017. 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.

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.

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 1.289 in 2017 (2016 1.324), and at 31 December 2017 was 1.349 (2016: 1.234).

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 employee costs relating to construction, site preparation, installation and testing.

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:

- Montana Atlantis plant and equipment: 10-20 percent per annum
- Buildings: 2.5 percent per annum
- Equipment and machinery:
- IOSorb plants - 5 percent per annum
- 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 productive assets are made annually.

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.

Convertible 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 2017 and 2016, all cash accounts were in 100 percent liquid accounts.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established 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.

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.
- “Equity reserve” represents the equity component assigned to a compound financial instrument after deducting the liability component of the instrument.
- "Retained earnings" represents retained profits or accumulated losses.
- "Foreign currency reserve" represents the cumulative differences arising from translation of foreign operations.
- “Distributable reserves” represents the amount of equity that may be paid out as dividends.

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. 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) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit and loss on a straight-line basis over the period of the lease.

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

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. The activities of the Halogen Derivatives and Iodine segment include the production of raw iodine and the production of iodine derivatives and other non-iodine based chemical derivatives. The Montana segment includes the Atlantis Field project for the exploration and production of natural gas, iodine and water for use in various applications.

Each of these operating segments is managed separately, as each of these service lines requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

Corporate overheads, assets and liabilities, which are not directly attributable to the business activities of any operating segment, are not allocated to a segment in arriving at segment result.

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. Details of impairment reviews carried out are set out in note 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. Actual results, however, may vary due to technical obsolescence, particularly relating to software and IT equipment. 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. Certain intangible and tangible assets are regarded as Exploration and Evaluation Assets. Details of these assets are shown in notes 10 and 12. The assets so treated are those relating to the Montana Atlantis Field, which at 31 December 2017 had an aggregate carrying amount of $3,264,587. An impairment review of these assets was carried out and it was determined that the recoverable amount should prudently be regarded as Nil, and therefore an impairment of $3,264,587 was considered to be required. Further details of this review are set out in note 12.

d. The carrying amounts of the parent company's investment in and amounts due from its subsidiary Iofina Resources, Inc. total $46,860,555 whereas carrying amounts of the subsidiary's net assets excluding loans from the parent company amount to $14,133,308. There is therefore a shortfall of $32,727,247 between the parent company carrying amounts and the carrying amounts of the net assets of Iofina Resources, Inc., reflecting accumulated losses to date in that company. In view of this shortfall an assessment has been made of the present values of the cash flows related to the projects being undertaken by Iofina Resources, Inc. to determine whether any impairment losses should be recognised. The assets concerned are the IOsorb® plants in Oklahoma. The Group has concluded that it is appropriate to recognise an impairment of $5.3m.

e. The derivative liability relating to share conversion rights attaching to the convertible loan notes has been valued using the Black Scholes model.

3. Segment reporting

a. **Business segments -** The Group reports its business segments in line with IFRS 8 – Operating Segments, which requires reporting based on the information that is presented to the chief operating decision maker. This is determined to be the Board. The Board receives consolidated management accounts for the companies within the Group. The costs of Iofina plc are included within unallocated corporate expenses.

	Halogen Derivatives and Iodine	Montana	Unallocated Corporate Expenses	Total
Year ended 31 December 2017	**$**	**$**	**$**	**$**
Revenue	20,828,163	–	–	20,828,163
Gross profit	4,860,600	–	–	4,860,600
Impairment	(2,015,964)	(3,264,587)	–	(5,280,551)
Segment result	**$(1,498,435)**	**$(3,729,928)**	**$(4,506,463)**	**$(9,734,826)**
Year ended 31 December 2016	**$**	**$**	**$**	**$**
Revenue	22,492,914	–	–	22,492,914
Gross profit	2,700,717	–	–	2,700,717
Impairment	–	(469,263)	–	(469,263)
Segment result	**$(2,012,472)**	**$(1,040,916)**	**$(610,886)**	**$(3,664,274)**

	31 December 2017	31 December 2016
Assets	**$**	**$**
Halogen Derivatives and Iodine	36,751,717	36,646,449
Montana	–	3,826,719
Unallocated Corporate	17,888	106,612
Total	**$36,769,605**	**$40,579,780**
Liabilities		
Halogen Derivatives and Iodine	4,306,225	4,957,083
Montana	–	–
Unallocated Corporate	25,497,437	18,920,171
Total	**$29,803,662**	**$23,877,254**
Capital expenditure		
Halogen Derivatives and Iodine	2,081,530	805,416
Montana	–	–
Total	**$2,081,530**	**$805,416**
Depreciation/amortisation		
Halogen Derivatives and Iodine	1,614,666	1,583,507
Montana	465,341	462,361
Montana - impairment	3,264,588	469,263
Total	**$5,344,595**	**$2,515,131**

b. **Geographical segments -** The Group also 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. All revenue, capital expenditures and depreciation and amortization that are reported relate to the USA segment. 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.

	31 December 2017 $	31 December 2016 $
Assets		
UK	17,888	106,612
USA	36,751,719	40,473,168
Total	**$36,769,607**	**$40,579,780**
Liabilities		
UK	25,728,670	18,637,938
USA	4,074,994	5,239,312
Total	**$29,803,664**	**$23,877,250**
Revenue		
North America	13,519,531	12,614,614
Asia	6,815,860	8,924,390
South America	239,400	762,570
Europe	148,694	158,408
Other	104,678	32,932
Total	**$20,828,163**	**$22,492,914**

c. **Significant customers -** Iofina Chemical had three significant customers in 2017; one customer represented 20 percent of sales, another customer 17 percent and the third accounted for 8 percent. In 2016, the three most significant customers represented 20 percent, 11 percent and 7 percent of the total sales.

4. Loss before taxation

Loss before taxation is stated after charging:

	Year ended 31 December 2017 $	Year ended 31 December 2016 $
Depreciation expense	1,821,685	1,777,493
Amortisation expense	258,322	268,375
Impairment expense	5,280,552	469,263
Operating lease expense – land and buildings	149,741	211,255
Other:		
Annual audit fees for audit of parent company and consolidated financial statements	87,522	108,682
Fees payable to the company's auditor for other services	14,613	3,989

Impairment expense is made up as follows:

	Year ended 31 December 2017 $	Year ended 31 December 2016 $
Montana Atlantis Field:		
Property, plant and equipment (Note 12)	856,967	–
Intangible assets (Note 10)	2,407,620	–
IO3 Plant:		
Equipment and Machinery (Note 12)	2,037,964	–
Termination and remediation costs	100,000	–
Royalties overaccrued	(122,000)	–
Montana Water Depot	–	469,263
	$5,280,551	**$469,263**

Cost of sales – analysis by nature

	Year ended 31 December 2017 $	Year ended 31 December 2016 $
Raw materials	6,207,618	7,721,858
Freight	546,816	579,908
Sales commission	51,477	124,012
Labour, manufacturing overhead and royalties	9,161,652	11,366,419
	$15,967,563	**$19,792,197**

Administrative expenses – analysis by nature

	Year ended 31 December 2017 $	Year ended 31 December 2016 $
Remuneration and benefits	2,223,056	1,975,132
Office expenses	134,885	146,917
Professional services	744,524	1,394,471
Travel	146,836	157,105
Rent	57,637	115,529
Other	153,240	184,772
Depreciation	1,821,685	1,777,493
Amortisation	258,322	268,375
	$5,540,185	**$6,019,794**

Research and development expenses recognised during the period were $235,380 (2016: $157,872), 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 2017 Number	Year ended 31 December 2016 Number
Production	67	73
Administrative	13	11
Sales	1	1
Total staff	**81**	**85**

	Year ended 31 December 2017 $	Year ended 31 December 2016 $
Wages and salaries	4,981,033	4,822,694
Social security costs	877,219	782,231
	$5,858,252	**$5,604,925**

Of the total staff costs above, $3,765,196 (2016: $3,759,794) is included within cost of sales and $2,093,056 (2016: $1,845,132) is included within administrative expenses.

Payments to directors (considered to be key management personnel) for their services during the year were as follows:

	Year ended 31 December 2017 $	Year ended 31 December 2016 $
Wages and salaries	591,755	383,406
Social security costs	48,441	36,265
Total directors' cost	**$640,196**	**$419,671**

Included within wages and salaries above is $278,000 (2016: $208,000) in respect of the highest paid director. No options were exercised by a director in 2017.

6. Finance expense

	Year ended 31 December 2017 $	Year ended 31 December 2016 $
Convertible loan notes and term loan:		
Interest paid	–	978,429
Interest deferred and capitalised	1,106,769	255,527
Total interest payable	**1,106,769**	**1,233,956**
Amortisation of discount on convertible loan notes settled 29 September 2016	–	453,079
Amortisation of convertible loan notes issued 29 September 2016	1,622,771	402,907
Total amortisation of discount	**1,622,771**	**855,986**
Other interest payable	21,368	3,751
Total finance expense	**$2,750,908**	**$2,093,693**

The convertible loan notes are described in note 19 below.

7. Finance income

	Year ended 31 December 2017 $	Year ended 31 December 2016 $
Interest income	3,617	923
	$3,617	**$923**

8. Taxation

	Year ended 31 December 2017 $	Year ended 31 December 2016 $
Tax expense/(credit) comprises:		
Deferred tax credit	(51,000)	(108,308)
	$(51,000)	**$(108,308)**

	Year ended 31 December 2017 $	Year ended 31 December 2016 $
Tax reconciliation:		
Loss on ordinary activities before tax	(9,785,826)	(3,772,582)
Tax at UK income tax rate of 19.25% (2016: 20.00%)	(1,883,771)	(754,517)
Effects of:		
Temporary differences	1,273,351	258,825
Permanent differences	1,870	1,870
Losses not recognised for deferred tax purposes	608,550	493,822
Deferred tax on amortisation of intangibles	(51,000)	(108,308)
Total tax credit	**$(51,000)**	**$(108,308)**

The Group has accumulated tax losses of approximately $33,000,000 (2016: $30,000,000) 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 2026.

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. Loss per share

The calculation of loss per ordinary share is based on a loss attributable to shareholders of $9,734,826 (2016: $3,664,274) and the weighted average number of ordinary shares outstanding of 127,569,398 (2016: 127,569,398). Due to the loss in the year, there is no difference between the diluted loss per share and the basic loss per share because the 985,000 outstanding share options and the two convertible notes (see note 19) would have 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 31 December 2015	3,408,405	519,989	3,843,671	7,772,065
Transfers to Property, Plant and Equipment (Note 12)	(50,000)	–	–	(50,000)
Additions	-	135,681	–	135,681
At 31 December 2016	3,358,405	655,670	3,843,671	7,857,746
Additions	–	645	–	645
At 31 December 2017	**$3,358,405**	**$656,315**	**$3,843,671**	**$7,858,391**
Accumulated amortization				
At 31 December 2015	950,785	–	2,007,332	2,958,117
Charge for the year	–	–	268,375	268,375
At 31 December 2016	950,785	–	2,275,707	3,226,492
Impairment	2,407,620	–	–	2,407,620
Charge for the year	–	–	258,322	258,322
At 31 December 2017	**$3,358,405**	**–**	**$2,534,029**	**$5,892,434**
Carrying amounts				
At 31 December 2015	2,457,620	519,989	1,836,339	4,813,948
At 31 December 2016	2,407,620	655,670	1,567,964	4,631,254
At 31 December 2017	**–**	**$656,315**	**$1,309,642**	**$1,965,957**

Montana Atlantis Field exploration and evaluation carrying amounts of $2,407,620 relate primarily to the costs of acquiring leases to explore, drill and produce oil and gas, and also certain drilling costs themselves, in respect of the Group's Atlantis Field iodine/natural gas project in Montana. Additional carrying amounts of this project of $856,967 are recorded as property, plant and equipment as detailed in Note 12. An impairment review carried out as of 31 December 2017 concluded that the recoverable amount of these assets should be regarded as $Nil, and therefore an impairment of $2,407,620 has been recognised in respect of the intangible assets above. Further details of the impairment review are provided in Note 12.

Oklahoma 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.

Details of other intangible assets are set out below.

Other intangible assets

	WET® patent	Customer relationships	Patent portfolio	EPA registrations	Total
	$	$	$	$	$
Cost					
At 31 December 2015, 31 December 2016 and 31 December 2017	**$2,700,000**	**$660,671**	**$212,000**	**$271,000**	**$3,843,671**
Accumulated amortization					
At 31 December 2015	1,157,404	428,625	150,303	271,000	2,007,332
Charge for the year	180,000	65,000	23,375	-	268,375
At 31 December 2016	1,337,404	493,625	173,678	271,000	2,275,707
Charge for the year	180,000	65,000	13,322	-	258,322
At 31 December 2017	**$1,517,404**	**$558,625**	**$187,000**	**$271,000**	**$2,534,029**
Carrying amounts					
At 31 December 2015	1,542,596	232,046	61,697	–	1,836,339
At 31 December 2016	1,362,596	167,046	38,322	–	1,567,964
At 31 December 2017	**$1,182,596**	**$102,046**	**$25,000**	**–**	**$1,309,642**

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

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 6.5 years

Customer relationships
The amount capitalised relates to the acquisition of Iofina Chemical and the then existing customer base. The initial useful life was 10 years and the remaining amortization period is approximately 1.5 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 2015, 31 December 2016 and 31 December 2017	**$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 growth factor of 2.25% per annum was applied to budgeted cash flows and a discount rate of 10% per annum was used. On this basis the net present value of cash flow exceeded the goodwill amount of $3,087,251.

12. Property, plant and equipment (Group)

	Exploration and Evaluation Assets						
	Montana Atlantis Field	Montana Water Depot	Freehold Land	Buildings	Equipment and Machinery	Construction in Progress	Total
	$	$	$	$	$	$	$
Cost							
At 31 December 2015	5,841,415	419,263	209,000	1,543,037	25,331,002	439,148	33,782,865
Transfers	–	50,000	–	–	26,320	142,633	218,953
Additions	–	–	–	13,520	553,609	102,606	669,735
Disposals	–	(469,263)	–	–	(35,379)	–	(504,642)
At 31 December 2016	5,841,415	–	209,000	1,556,557	25,875,552	684,387	34,166,911
Impairment	–	–	–	–	(2,507,218)	–	(2,507,218)
Transfers	–	–	–	4,844	(1,301,392)	970,855	(325,693)
Additions	–	–	–	37,600	285,916	1,758,014	2,081,530
Disposals	–	–	–	–	–	(26,106)	(26,106)
At 31 December 2017	**$5,841,415**	–	**$209,000**	**$1,599,001**	**$22,352,858**	**$3,387,150**	**$33,389,424**
Accumulated depreciation							
At 31 December 2015	4,056,747	–	–	228,279	6,147,041	–	10,432,067
Charges for the year	462,361	–	–	48,836	1,266,296	–	1,777,493
Impairment	–	469,263	–	–	–	–	469,263
Disposals	–	(469,263)	–	–	(35,379)	–	(504,642)
At 31 December 2016	4,519,108	–	–	277,115	7,377,958	–	12,174,181
Impairment	856,967	–	–	–	(469,254)	–	387,713
Transfers	–	–	–	–	(325,693)	–	(325,693)
Charges for the year	465,340	–	–	50,395	1,305,950	–	1,821,685
At 31 December 2017	**$5,841,415**	–	–	**$327,510**	**$7,888,961**	–	**$14,057,886**
Carrying amounts							
At 31 December 2015	1,784,668	419,263	209,000	1,314,758	19,183,961	439,148	23,350,798
At 31 December 2016	1,322,307	–	209,000	1,279,442	18,497,594	684,387	21,992,730
At 31 December 2017	–	–	**$209,000**	**$1,271,491**	**$14,463,897**	**$3,387,150**	**$19,331,538**

Montana Atlantis Field exploration and evaluation carrying amounts amounted to $856,967 at 31 December 2017, and relate primarily to drilling and other equipment acquired, and facilities and pipelines constructed, during the initial phase of the Group's Atlantis Field iodine/natural gas project in Montana. Additional carrying amounts of this project of $2,407,620 were recorded as intangible assets as detailed in Note 10.

The Group carried out an impairment review of these assets and concluded that the net recoverable amount should prudently be regarded as Nil, and therefore an impairment of $856,967 has been recognised in respect of the Montana Atlantis Field assets above. The review took into account the substantial investment required to develop the project, the risks associated with drilling data limited to a minor proportion of the area to be exploited, the perceived need to use pump technology not proven in this environment, the drop in oil and gas activity in the area, and uncertainty over the returns achievable given in particular continuing low natural gas prices. The Group has concluded that much more attractive opportunities for capital allocation exist within the business model currently being applied through its operating iodine production plants.

Included in Equipment and Machinery above was a carrying value as at 31 December 2017 of $3,296,256 in respect of IO3 plant. This plant was repurposed during the year to provide materials for the construction of IO7 plant. A carrying value of $1,258,291 was identified in respect of materials repurposed to IO7, and a transfer of that amount has been made to Construction in Progress. An impairment of $2,037,964 has been recognised in respect of the balance of the carrying value remaining after this transfer.

13. Inventories

Group	**31 December 2017 $**	**31 December 2016 $**
Raw materials	2,164,660	627,792
Work in progress	1,548,229	2,634,060
Finished goods	600,610	694,486
	$4,313,499	**$3,956,338**

At year end, there were no provisions against the carrying value of inventories (2016: nil). During the year, the cost of inventories recognised as expense and included in 'cost of sales' amounted to $15,369,270 (2016: $19,258,126).

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, liquidity risk and commodity risk. The Group's principal financial asset is cash, which is invested with major banks. The Group has a term loan, two convertible bonds and no other borrowings. Future principal maturities as of 31 December 2017 for the long-term debt obligations are as follows:

	$
2018	–
2019	24,362,296
	$24,362,296

Financial assets and liabilities

Group

2017	Loans and receivables $	Financial liabilities at amortised cost $	Derivative liability at fair value $	Total $
Cash and cash equivalents	3,449,681			3,449,681
Trade receivables	4,273,120			4,273,120
				$7,722,801
Trade payables		985,231		985,231
Accrued liabilities		3,229,353		3,229,353
Term loan		3,074,846		3,074,846
Convertible loan notes		18,675,998		18,675,998
Derivative liability			3,607,001	3,607,001
				$29,572,429
2016				
Cash and cash equivalents	2,815,712	–	–	2,815,712
Trade receivables	3,748,063	–	–	3,748,063
				$6,563,775
Trade payables	–	2,255,117	–	2,255,117
Accrued liabilities	–	2,789,997	–	2,789,997
Convertible loan notes	–	16,021,305	–	16,021,305
Derivative liability			2,528,602	2,528,602
				$23,595,021

Company

2017	Loans and receivables $	Financial liabilities at amortised cost $	Derivative liability at fair value $	Total $
Cash and cash equivalents	14,789			14,789
Due from subsidiaries	34,455,812			34,455,812
				$34,470,601
Accruals		139,592		139,592
Term loan		3,074,846		3,074,846
Convertible loan notes		18,675,998		18,675,998
Derivative liability			3,607,001	3,607,001
				$25,497,437
2016				
Cash and cash equivalents	105,405	–	–	105,405
Loan to subsidiaries	37,325,810	–	–	37,325,810
				$37,431,215
Accruals	–	88,031	–	88,031
Convertible loan notes	–	16,021,305	–	16,021,305
Derivative liability			2,528,602	2,528,602
				$18,637,938

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 2017, all surplus funds were invested in checking and savings accounts that had no terms and were 100% liquid.

The interest rate on the Term Loan of $3,000,000 is fixed at 6% per annum, and the interest rate on the $20,000,000 Convertible Loan Notes is fixed at 5% per annum. At the Company's discretion the interest may be rolled up and capitalised. At 31 December 2017 all interest payable from the dates of drawdown of the Loan and issue of the Notes had been rolled up and capitalised, resulting in an increase of $1,362,296 in the total amounts repayable.

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 $14,789 as of year-end.

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.

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.

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.

Commodity risk

The Group is exposed to movements in the price of raw iodine. Sales of iodine based products were $12,814,677 (2016: $15,944,042). Iodine is produced internally and is the most significant cost component for iodine based products.

Derivative liability valuation risk

It is possible that future valuations of the derivative liability attaching to share conversion rights forming part of the convertible loan notes could increase significantly, resulting in substantial charges to the profit and loss account.

15. Trade and other receivables

Group

	31 December 2017 $	31 December 2016 $
Trade receivables	4,273,120	3,748,063
Prepayments and other receivables	348,561	348,432
	$4,621,681	**$4,096,495**

Company

	31 December 2017 $	31 December 2016 $
Prepayments and other receivables	3,099	1,207
	$3,099	**$1,207**

All receivables and prepayments are short term in nature. The carrying values are considered a reasonable approximation of fair value. All trade receivables were collected subsequent to the balance sheet date. There is no bad debt provision, and therefore no movement on the bad debt provision for the year.

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

16. Cash and cash equivalents

Group

	31 December 2017 $	31 December 2016 $
Cash in US Dollar accounts	3,434,892	2,710,307
Cash in GB Pound Sterling accounts	14,789	105,405
	$3,449,681	**$2,815,712**

Company

	31 December 2017 $	31 December 2016 $
Cash in GB Pound Sterling accounts	14,789	105,405
	$14,789	**$105,405**

17. Trade and other payables

Group

	31 December 2017 $	31 December 2016 $
Trade payables	985,231	2,255,117
Accrued expenses and deferred income	3,229,355	2,789,994
	$4,214,586	**$5,045,111**

Company

	31 December 2017 $	31 December 2016 $
Trade payables	–	–
Accrued interest and expenses	139,593	88,031
	$139,593	**$88,031**

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 loan and convertible loan notes, the Group and Company have not pledged any assets as collateral for any liabilities or contingent liabilities.

18. Deferred tax liability

	$
At 31 December 2015	330,541
Deferred tax provision transferred	60,000
Credit to income for the year	(108,308)
At 31 December 2016	282,233
Credit to income for the year	(51,000)
At 31 December 2017	**$231,233**

The deferred tax liability arises on recognition of intangible assets at fair value on acquisition of H&S Chemical in 2009.

19. Term loan, convertible loan notes and derivative liability

	6% Unsecured Convertible Loan Notes	5% Secured Convertible Loan Notes	6% Secured Term Loan	Total
	$	$	$	$
At 31 December 2015	**19,173,266**	–	–	**19,173,266**
Amortisation of discount	453,079	–	–	453,079
Issue of 5% Secured Convertible Notes	(19,626,345)	19,626,345	–	–
Transfer from Equity Reserve	–	373,655	–	373,655
Total issued 29 September 2016	**–**	**20,000,000**	**–**	**20,000,000**
Derivative liability	–	(4,637,130)	–	(4,637,130)
Amortisation of discount	–	402,907	–	402,907
Interest capitalised	–	255,527	–	255,527
At 31 December 2016	–	**16,021,304**	–	**16,021,304**
6% Secured Term Loan drawn	–	–	3,000,000	3,000,000
Amortisation of discount	–	1,622,771	–	1,622,771
Interest capitalised	–	1,031,923	74,846	1,106,769
At 31 December 2017	–	**$18,675,998**	**$3,074,846**	**$21,750,844**
Amounts repayable:				
At 31 December 2015	**20,000,000**	–	–	**20,000,000**
Issue of 5% Secured Convertible Notes	(20,000,000)	20,000,000	–	–
Interest capitalised	–	255,527	–	255,527
At 31 December 2016	–	**20,255,527**	–	**20,255,527**
6% Secured Term Loan drawn	–	–	3,000,000	3,000,000
Interest capitalised	–	1,031,923	74,846	1,106,769
At 31 December 2017	–	**$21,287,450**	**$3,074,846**	**$24,362,296**

Derivative liability

	2017	2016
	$	$
At 1 January	2,528,602	–
Valuation at 29 September 2016	–	4,637,130
Revaluation charge/(credit)	1,078,399	(2,108,528)
At 31 December	**$3,607,001**	**$2,528,602**

The loan balance at 29 September 2016 is stated at fair value on the basis of an effective interest rate of 15.3%. The balance at 31 December 2017 is stated on the basis of amortised cost and includes capitalised interest.

The 5 per cent secured convertible loan notes include share conversion rights where the calculation of the number of conversion shares depends on the USD to GBP exchange rate. The share conversion rights have consequently been valued separately at fair value as an embedded derivative liability in accordance with International Accounting Standard 39 Financial Instruments: Recognition and Measurement.

Any or all of the initial amount of $20 million due under the convertible loan notes may be converted upon 28 days notice into Ordinary Shares of the Company on the basis of converting one third of the total amount at 18p per share, one third at 25p per share, and one third at 32p per share. These conversion rights have been valued using the Black Scholes model and the following inputs:

Valuation date	Share price	USD/GBP rate	Number of Shares	Risk free rate	Volatility
29 September 2016	13.75p	1.30	65,084,563	0.80%	86%
31 December 2016	10.13p	1.23	68,550,399	0.80%	85%
31 December 2017	15.38P	1.35	62,661,802	1.89%	84%

The $20,000,000 6 per cent convertible loan notes outstanding at 31 December 2015, of $15,000,000 and $5,000,000 respectively, were refinanced as of 29 September 2016 by the issue by the Company of new 5 per cent convertible secured loan notes in the same amounts to the same note holders. The principal terms and conditions attaching to the new notes are:

a) The notes may be repaid at any time without penalty by the Company, and are redeemable at par together with capitalised interest on 1 June 2019;

b) Interest is payable quarterly in arrears at 5 per cent per annum, or at the Company’s discretion may be rolled up and capitalised;

c) The notes may be converted into Ordinary Shares of the Company upon 28 days notice by the note holders, in three equal tranches at 18p, 25p and 32p per share. Capitalised interest may also be converted at 32p per share;

d) The Company may require conversion of any or all of the notes into Ordinary Shares following the publicly quoted closing price per Ordinary Share being 50p or more for at least five consecutive trading days;

e) The notes 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.

20. Term loan facility

On 29 September 2016 the Company entered into an agreement for a term loan facility of up to $10,000,000 with the holder of the $15,000,000 convertible loan note. The principal terms and conditions attaching to the facility are:

a) The facility is to be utilised for capital expenditure and working capital purposes in connection with the Company’s existing business activities;

b) The Company may draw down up to $3,000,000 of the facility on request. Drawdowns in excess of $3,000,000 are dependent upon satisfactory completion of a due diligence exercise by the lender;

c) Amounts outstanding under the facility may be repaid at any time without penalty by the Company, and are repayable in full together with capitalised interest on 1 June 2019;

d) Interest is payable quarterly in arrears at 6 per cent per annum, or at the Company's discretion may be rolled up and capitalised;

e) Amounts outstanding under the facility 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.

f) While amounts are outstanding under the facility the Company is not to make payments to shareholders or other debt providers, including amounts outstanding under the convertible loan notes, without the lender's consent.

At 31 December 2017 the Company had drawn down $3,000,000 of the facility.

21. Share capital

		31 December 2017	31 December 2016
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	127,569,398	127,569,398
	- nominal value	£1,275,694	£1,275,694

	31 December 2017 $	31 December 2016 $
Issued share capital	$2,292,683	$2,292,683
Share premium	$48,991,647	$48,991,647

The total number of voting rights in the Company's ordinary shares at 31 December 2017 was 127,569,398 (2016: 127,569,398).

	Number of ordinary shares
At 31 December 2015, 2016 and 2017	**127,569,398**

22. Share based payments

No options were granted during the current year (2016: Nil).

There were no charges or credits to profit or loss in respect of share based payments during the current year (2016: $Nil).

The weighted average contractual life of outstanding options is 3.5 years (2016 4.5 years).

Details of the number of options and the weighted average exercise price (WAEP) outstanding and exercisable at 31 December 2017 are as follows:

Date of Grant	Number of Options	Vesting Date	Share Price £	Exercise Price £	Exercise Price 2017 $	Exercise Price 2016 $
2 July 2011	985,000	2 Jul 2012	0.30	0.30	0.40	0.37
Weighted average			0.30	0.30	0.40	0.37

Exercise prices shown in USD are based on the US Dollar/Pounds Sterling exchange rate at 31 December 2017 of 1.349 (2016 1.234). Options outstanding at 31 December 2017 expire the earlier of ten years from grant date or the termination of service to the Company, the latter being subject to the administrator's discretion.

Options outstanding and exercisable	**2017**	**2016**
At 1 January	1,025,000	1,025,000
Lapsed/forfeited	(40,000)	–
At 31 December	**985,000**	**1,025,000**

23. Related party transactions

In May 2013 Iofina plc executed a convertible note with Stena Investment S.à.r.l, who held approximately 8 percent of the outstanding common shares. In September 2016 this note was settled and Iofina plc executed a further convertible note in the amount of $15,000,000 with Stena Investment S.à.r.l. Both transactions were deemed related party transactions pursuant to AIM Rule 13. See note 19 for a description of the transactions.

There are intercompany transactions among the members of the Group. In both 2016 and 2017 all iodine produced by Iofina Resources was sold to Iofina Chemical. Related party balances are as follows:

	31 December 2017 $		**31 December 2016 $**	
	Due to	Due from	Due to	Due from
Iofina plc	39,775,812	20,000	37,325,810	10,000
Iofina Resources	–	42,773,891	–	38,189,644
Iofina Chemical	3,018,079	–	873,834	–

Additional related party transactions with directors, who are considered to be key management personnel, are set out in note 5. Option grants as described in note 22 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.

24. Leases

Leases relate to office space and agreements for the drilling and use of fresh water wells at certain plants.

Future minimum lease payments	31 December 2017 $	31 December 2016 $
Due in one year	143,798	106,659
Due in more than one and less than five years	177,356	121,154
Total	**$321,154**	**$227,813**

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 $7.0 million as at 31 December 2017 (2016: $16.7 million).

26. Subsidiary undertakings

Investment in subsidiaries

	Investment in subsidiaries $
Cost	
Balance at 31 December 2015, 2016 and 2017	**$17,199,362**

Due from subsidiaries

	Due from subsidiaries $
Cost	
Balance at 31 December 2015	39,245,534
Changes for the year	(1,929,724)
Balance at 31 December 2016	37,315,810
Changes for the year	2,440,002
	39,755,812
Impairment of amount due from Iofina Resources, Inc.	(5,300,000)
Balance at 31 December 2017	**$34,455,812**

An impairment of $5,300,000 has been recognised 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%
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%

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
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 2017, the Group had capital commitments of approximately $375,000 (2016: $Nil).

28. Post balance sheet events

Construction of the Group's new IO#7 plant was completed and production commenced in mid February 2018.

With effect from approximately the beginning of 2018 the Group's partner at the site of its IO#5 plant reduced injection volumes at the related Salt Water Disposal well. Consequently the plant has suspended operations for the time being. It is currently anticipated that production will recommence in the near future.

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.