31 August 2010

Iofina plc

("Iofina" or "the Company")

Fourth Iodine Extraction and Collection Agreement Signed

Iofina PLC (LSE AIM: IOF), the holding company of a group of companies involved in the exploration and production of iodine and natural gas, is pleased to announce that its subsidiary, Iofina Natural Gas, Inc., has executed its fourth Iodine and Collection Agreement since March this year. With the signing of this agreement Iofina has increased its potential brine stream from 41,500 barrels per day (bpd) to 62,500 bpd. Current production on line is 12,000 bpd which will yield between 33 and 38 Metric Tonnes (MT) of raw iodine annually. This new contract has the potential to more than double current production rates in the short term with additional upside.

New Agreement Highlights:

- Agreement immediately increases iodine brine streams by 47% from 42,500 bpd to 62,500 bpd
- Potential to more than double current iodine production rates once full streams come online
- Staged deployment of up to four WET® POD Units, each capable of handling 6,500 bpd, to deliver iodine potential for this contract to 123 to 143 MT annually

The new site currently disposes of approximately 21,000 bpd of iodine rich brine water. The brine has iodine concentrations exceeding 140 parts per million ("ppm"). Initially Iofina will deploy a single WET® POD Unit capable of handling 6,500 bpd in the next 30 days followed by the deployment of the second WET® POD 30 days later. The initial two units will process 13,000 bpd which will yield approximately 76 to 88 MT per year cumulatively. Given the increased potential of these sites, two additional units will be required to fully extract the iodine. This would add an additional 47 to 54 MT annually. This brings the iodine potential for this contract to between 123 to 142 MT annually.

The ability of Iofina's WET® technology to be quickly deployed to any location and adapt to variations in brine water streams has allowed Iofina to begin commercial extraction of Iodine in California, Oklahoma and Texas. This is the first brine stream that the Company has secured in this brine rich region of Texas.

Update WET® POD deployment plan

Given the potential value of this new contract we have modified our plan to deploy the existing WET® PODs to the sites with the most near term potential. We will deploy the next two available WET® PODs at the new Texas site as described above.

In California, the two producing locations are set up to produce 8,000 bpd. Current production has been temporarily restricted to 3,000 bpd due to facilities upgrades undertaken by the operator to fine tune the PODs including the addition of filtration systems and monitoring devices to better regulate flows, which should result in an enhancement in production. These issues will have been resolved by the end of September allowing production to scale up by a further 5,000 bpd to targeted levels. The most significant issue occurred at the Warren site during the drilling and completion operation undertaken by the operator. During the course of this process a large amount of crude oil and drilling fluid passed through the production facility rather than going through the test facility which required us to shut down the WET® POD and clean the system. The WET® POD is anticipated to come back online this week. Additional filtration systems and monitoring devices are being evaluated for incorporation to the units. The amount of raw iodine recoverable from these two sites is currently estimated to be approximately 25 to 29 MT per year.

In Oklahoma work is progressing to finalize the installation of the WET® POD. We are currently awaiting bids for electrical and piping hook up. Due to the increased potential at the newly signed site we plan to move the WET® POD that was scheduled to go to Oklahoma across to the Texas site. It is anticipated that the replacement unit will be on location in Oklahoma by October, bringing on an additional 2,000 bpd.

The Atlantis property is now producing approximately 10 MT per annum. To date Iofina has stripped in excess of 2 MT of net raw iodine. The first shipment of the finished raw iodine product was sent from Iofina Chemical in August.

By the end of the third quarter Iofina will have deployed four WET® PODS. Estimated production from the first phase of deployment of the WET® POD Units in California, Oklahoma, Texas and Montana is between 116 to 135 MT of annualized raw iodine production. Additional production, currently under contract California, Oklahoma and Texas sites could add an additional 135 to 157 MT per annum.

Lance Baller, Iofina plc's CEO and President commented:

"This agreement represents a great step forward for Iofina. We are excited to be working in new iodine rich regions, such as Texas. We will continue to vigorously explore this region as it given it shows significant iodine concentration. We remain tightly focused on securing additional third party brine stream agreements and look forward to providing further updates for investors when appropriate."

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About Iofina

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

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

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