

Iofina PLC

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Iofina to move into production of CBD oil after Kentucky approves hemp licence

Iodine producer Iofina PLC (LON:IOF) shares jumped on Thursday after the firm revealed plans to move into the production of cannabidiol (CBD) oils after receiving conditional approval for a licence to process hemp in Kentucky, US.

The company expects to complete the payment of fees and scheduled orientation in mid-July, allowing it to begin processing hemp.

READ: Iofina to raise up to £7.5m to pay off debt and expedite construction of new production facility

The group has created a new subsidiary called IofinaEX that will produce CBD oils.

Iofina said it would use its speciality chemical knowledge and apply it to the extraction and isolation of purified CBD products.

The firm said the 2018 Agriculture Improvement Act, which made the cultivation of hemp legal at a federal level, has opened up new opportunities for the CBD market in the US.

"The directors are determined to explore the isolation of CBD oil and other valuable products from hemp, a market which is currently underdeveloped but rapidly growing," said chief executive and president, Tom Becker.

He added: "The conditional approval for our handler/processor License in Kentucky is an important step forward as we plan to execute the project at IofinaEX, and we look forward to updating the market as we develop this subsidiary further."

In Kentucky, CBD - the non-psychoactive compound of a cannabis plant - is legal. However, tetrahydrocannabinol, or THC, which is the psychoactive compound that gets a user high is not.

Natural for Iofina

FinnCap said the new CBD business, IofinaEX, is seen as a "natural fit for Iofina" both operationally and geographically, with many of the same process required in cannabinoid production as in its iodine extraction and specialty chemicals businesses.

"It's very early days, but this is a rapidly growing market with high levels of investor interest; no bad thing," the broker said.

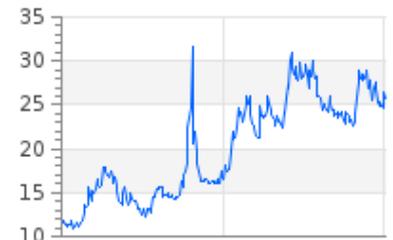
The broker repeated a 27p price target on Iofina shares which in afternoon trading were 10.5% higher at 17.65p.

In a separate announcement published later, Iofina said that at its annual general meeting held today, all resolutions put to shareholders were duly passed.

Price: 25.8

Market Cap: £49.5 m

1 Year Share Price Graph



December 2018 June 2019 December 20

Share Information

Code: IOF

Listing: LSE

52 week High Low
33.227 10.4687

Sector: Oil & Gas

Website: www.iofina.com

Company Synopsis:

Iofina plc is the holding company of a group of companies involved in the exploration and production of iodine and natural gas which has been discovered on acreages that the Group has acquired and is currently acquiring. Iofina is fully vertically integrated into specialty chemical manufacturing through its wholly owned subsidiary Iofina Chemical.

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In addition, it revealed the result of its open offer to raise up to £2.04mIn, which was announced on 20 May.

The company said it received valid acceptances from qualifying shareholders in respect of 9,464,655 open offer shares, representing 74.19% of the total number of shares available, resulting in gross proceeds of approximately £1.5mIn for the firm.

-- Adds AGM, open offer results; updates share price --.

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