



International Isotopes Inc.

FOR IMMEDIATE RELEASE

INTERNATIONAL ISOTOPES INC. ANNOUNCES FIRST QUARTER 2016 FINANCIAL RESULTS

***The Company reports its ninth consecutive quarter of
positive cash flow produced by operating activities***

Idaho Falls, ID. May 16, 2016 – International Isotopes Inc. (OTCQB: INIS) (the “Company”) announces financial results for the first quarter ended March 31, 2016.

Revenue for the three months ended March 31, 2016 was \$1,691,677 as compared to \$1,936,481 for the same period in 2015, a decrease of approximately 13% and was primarily attributable to the deferral of some radiological field service contract activity into the second quarter of 2016.

On March 31, 2016, we had cash and cash equivalents of \$429,156 as compared to \$397,955 at December 31, 2015, an increase of approximately 8%. For the three months ended March 31, 2016, net cash provided by operating activities was \$88,499, and for the three months ended March 31, 2015, net cash provided by operating activities was \$16,024. The increase in cash provided by operating activities is primarily attributable to a significant increase in customer advance payments on cobalt production contracts.

The following paragraphs provide some additional detail on the performance for four of the Company’s major business segments during the first quarter of 2016 compared to the first quarter of 2015.

Revenue from the sale of radiochemical products for the three months ended March 31, 2016 was \$382,245, compared to \$421,639 for the same period in 2015, a decrease of approximately 9%. The decrease was the result of the continued pressure in the marketplace for customers to use a U.S. Food and Drug Administration (FDA) approved sodium iodide product versus our similar radiochemical grade product. This segment reported net income of \$63,098 for the three months ended March 31, 2016, as compared to net income of \$86,968 for the same period in 2015, a decrease of approximately 27% due to decreased sales. The Company expects sales in this segment to rebound during the rest of the year as a result of some new customer activity and one customer’s expected start of clinical trials that will primarily use the Company’s sodium iodide product.



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Revenue from the sale of cobalt products for the three months ended March 31, 2016 was \$313,786, compared to \$253,315 for the same period in 2015, an increase of approximately 24%. The increase in sales was primarily attributable to the Company's ability to complete some source manufacturing using recycled cobalt material. The Company continues to irradiate new cobalt targets and anticipates full scale resumption of both raw cobalt and cobalt product (sealed source) sales beginning late in 2017. Gross profit for cobalt products for the three months ended March 31, 2016 increased approximately 29% compared to the same period in 2015, and the increase is primarily attributable to the lower cost of using recycled material in source production. This same reduction in production cost resulted in approximately a 35% increase in the Company's net income for cobalt products for the three months ended March 31, 2016, as compared to the same period in 2015.

Revenue from nuclear medicine products for the three months ended March 31, 2016 was \$813,159, compared to \$869,982 for the same period in 2015, a decrease of approximately 7%. While there was a small decline in revenue for sales to RadQual in the three-month period ended March 31, 2016 the majority of the decrease in sales was attributable to a 12% decline in sales by TI Services in the three-month period ended March 31, 2016. TI Services is a 50/50 joint venture that the Company formed with RadQual in December 2010, for the distribution of various nuclear medicine products. We intend to continue to work with RadQual and TI Services on marketing strategies to boost TI Services' sales. Net income for this segment for the three months ended March 31, 2016, was \$154,731, compared to \$192,649 for the same period in 2015, a decrease of approximately 20% and is primarily the result of decreased sales reported for TI Services.

Revenue from radiological services for the three months ended March 31, 2016 was \$127,987, compared to \$354,895 for the same period in 2015, a decrease of approximately 64%. The majority of our radiological services revenue is generated by the performance of field service activities in connection with the U. S. Department of Energy's (DOE) Orphan Source Recovery Program (OSRP). The primary reason for the decline in revenue for the period comparison was attributable to having to delay a major field service contract into the second quarter of 2016 at the request of the Company's customer. The DOE awards these OSRP jobs on a random basis which causes significant fluctuations in field service revenue in the period-to-period comparisons. The Company expects revenue within this segment to improve significantly over the remainder of the year.

The Company's cost of sales decreased to \$944,540 for the three months ended March 31, 2016 from \$1,125,943 for the same period in 2015, or approximately 16%, and gross profit percentage was up slightly to 44% for the three months ended March 31, 2016, from 41% for the same period in 2015. The reduction in cost of sales and the increase in gross profit percentage was the result of the Company's continued efforts to reduce expenses and improve financial performance.



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Operating expense for the Company increased to \$1,040,249 for the three months ended March 31, 2016, from \$877,627 for the same period in 2015, or an increase of approximately 19% because of a significant increase in research and development (R&D) expenses. Most of the Company's increase in R&D expense was attributable to increased expenditures on product development within our radiochemical business segment.

Net loss for the three months ended March 31, 2016 was \$374,518, compared to \$171,548, for the same period in 2015. This is an increase in loss of \$202,970, or approximately 118%, and is primarily the result of the decrease in gross profit and the increase in R&D expense during the three months ended March 31, 2016.

Steve T. Laflin, President and CEO of the Company commented, "We continue to make excellent progress towards the launch of our new radiochemical product, I¹³¹odine/MAXTM, our sodium iodide radiochemical product (I-131), to be supplied as an oral solution or capsule form for use in the treatment and diagnosis of diseases of the thyroid, thyroid cancer, and hyperthyroidism. We expect to submit this generic drug product application to the FDA later this year. I¹³¹odine/MAXTM should be just the first of several generic drug products we plan to submit to the FDA in the coming years. We believe this new business line of generic drug products will significantly increase sales in this business segment."

"Our ten-year agreement with the DOE for the irradiation of cobalt targets is already beginning to show benefit to the Company as we have in turn entered into multiple cobalt-60 supply agreements with customers and the advance payments on those contracts is supporting our continued R&D efforts and producing positive cash flow for the Company. The revenue for sales under those contracts is on track to begin being reported late in 2017 when the first of the new cobalt targets is expected to complete irradiation."

"While there was a significant decline in reported radiological services revenue for the quarter that decline was attributable to the timing of contract work. During the quarter we were able to construct a second mobile hot cell to help further expand our field services capability and we were able to use that hot cell to complete some significant contract field service work subsequent to the end of the first quarter. We expect that field services will continue to be the primary source of revenue within the radiological services segment and we expect the revenue within this segment to improve during the remainder of 2016."



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Three Months Ended March 31 ,

	<u>2016</u>	<u>2015</u>
Sales of Product	\$1,691,677	\$1,936,481
Gross Profit	\$747,137	\$810,538
Total Operating Expenses	\$1,040,249	\$877,627
Operating (Loss)	(\$293,112)	(\$67,089)
Total Other Income (Expense)	(\$82,074)	(\$99,384)
Net (Loss)	(\$374,518)	(\$171,548)
Net (Loss) Per Common Share basic and diluted	\$0.00	\$0.00
Weighted Av. Shares Outstanding basic and diluted	402,335,817	386,006,105

About International Isotopes Inc.

International Isotopes Inc. manufactures a full range of nuclear medicine calibration and reference standards, a variety of cobalt-60 products, provides a wide selection of radioisotopes and radiochemicals for medical devices, calibration, clinical research, and industrial applications, and provides radiological services including source installation/removal, and decommissioning various radiation units on a contract basis to clients.

International Isotopes Inc. Safe Harbor Statement

Certain statements in this press release are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements with respect to the trends expected for revenue within the Company's various business segments for the remainder of 2016, increased sales resulting from the launch of generic drug products, the timing of FDA approval of generic drug products, future cobalt production revenues, and the expectation for increased revenue from radiological field service activity. Information contained in such forward-looking statements is based on current expectations and is subject to change. These forward looking statements involve a number of risks, uncertainties and other factors that could cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Other factors, which could materially affect such forward-looking statements, can be found in the Company's filings with the Securities and Exchange Commission at www.sec.gov, including our Annual Report on Form 10-K for the year ended December 31, 2015. Investors, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements made herein are only made as of the date of this press release and the Company undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.



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