

INTERNATIONAL ISOTOPES INC
Form 424B3
July 20, 2011

Filed pursuant to Rule 424(b)(3)
Registration Statement No. 333-171140

PROSPECTUS

59,687,333 Shares

Common Stock, par value \$0.01

This prospectus relates to the offer and sale from time to time of up to 29,075,000 shares of our outstanding common stock and 30,612,333 shares of our common stock issuable upon the exercise of warrants previously issued to certain shareholders named in this prospectus pursuant to a private placement completed on October 29, 2010.

The selling shareholders may, from time to time, sell, transfer or otherwise dispose of any or all of their shares of common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These dispositions may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale, or at negotiated prices. We will not receive any of the proceeds from the sale of the shares. We will, however, receive the proceeds of any cash exercise of the warrants.

Our common stock is quoted on the OTC Bulletin Board® under the ticker symbol INIS.OB. On July 18, 2011, the last sale price of the common stock, as reported on the OTC Bulletin Board®, was \$0.17 per share.

Investing in our securities involves risk. You should carefully review the risks and uncertainties described under the heading Risk Factors beginning on page 1 and in the documents which are incorporated by reference

herein.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is July 20, 2011.

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You should rely on the information that is contained in or incorporated by reference into this prospectus or that is contained in any free writing prospectus we may authorize to be delivered to you. We have not authorized anyone to provide you with information different from that contained in this prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that information contained in or incorporated by reference into this prospectus is accurate only as of the date on the front cover of this prospectus or the date of the document incorporated by reference, as applicable. Our business, financial condition, results of operations, and prospects may have changed since those dates. The selling shareholders are offering to sell, and seeking offers to buy, our common stock only in jurisdictions where offers and sales are permitted.

This prospectus may be supplemented from time to time to add, update or change information in this prospectus. Any statement contained in this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in such prospectus supplement modifies or supersedes such statement. Any statement so modified will be deemed to constitute a part of this prospectus only as so modified, and any statement so superseded will be deemed not to constitute a part of this prospectus.

The registration statement containing this prospectus, including the exhibits to the registration statement, provides additional information about us and the securities offered under this prospectus. The registration statement, including the exhibits, can be read on the U.S. Securities and Exchange Commission's, or SEC, website or at the SEC offices mentioned under the heading "Where You Can Find More Information."

When used in this prospectus, the terms International Isotopes, INIS, we, our, us or the Company refer to International Isotopes Inc. and its consolidated subsidiaries, unless otherwise indicated or as the context

otherwise requires.

COMPANY INFORMATION

We manufacture a full range of nuclear medicine calibration and reference standards, a wide range of products including cobalt teletherapy sources, and a varied selection of radioisotopes and radiochemicals for medical research, and clinical devices. We also provide a host of transportation, recycling, and processing services on a contract basis for clients. Additionally, we hold several patents for a fluorine extraction process that we are planning to use in conjunction with a new commercial depleted uranium de-conversion facility. Our core business consists of six reportable segments which include: Nuclear Medicine Standards, Cobalt Products, Radiochemical Products, Fluorine Products, Radiological Services, and Transportation.

International Isotopes Inc. was formed as a Texas corporation in 1995. Our principal executive offices are located at 4137 Commerce Circle, Idaho Falls, Idaho 83401, and our phone number is (208) 524-5300. Our wholly owned subsidiaries are International Isotopes Idaho Inc.; International Isotopes Fluorine Products, Inc.; and International Isotopes Transportation Services, Inc., all of which are Idaho corporations. Our headquarters and all current operations are located within two facilities in Idaho Falls, Idaho.

We maintain a website at www.internationalisotopes.com where our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports are available without charge, as soon as reasonably practicable following the time they are filed with or furnished to the SEC. Information contained on our website does not constitute, and shall not be deemed to constitute, part of this prospectus and shall not be deemed to be incorporated by reference into the registration statement as a result of this prospectus. You may read and copy any materials we file with the SEC at the SEC's public reference room at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0300. The SEC also maintains an electronic Internet site that contains our reports, proxy and information statements, and other information at www.sec.gov.

RISK FACTORS

Except for the historical information contained in this prospectus or incorporated by reference, this prospectus (and the information incorporated by reference in this prospectus) contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed here or incorporated by reference. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and in the section entitled **Risk Factors** contained in our most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q filed with the SEC, as well as any amendments thereto reflected in subsequent filings with the SEC, which are incorporated herein by reference in their entirety (the **INIS Risk Factors**).

Investment in our securities involves risks. Prior to making a decision about investing in our securities, you should consider carefully the INIS Risk Factors, together with all of the other information contained or incorporated by reference in this prospectus and any prospectus supplement, including any additional specific risks described in any prospectus supplement. Each of these risk factors could adversely affect our business, operating results and financial condition, which may result in the loss of all or part of your investment.

Keep these risk factors in mind when you read forward-looking statements contained elsewhere or incorporated by reference in this prospectus and any accompanying prospectus supplement. These statements relate to our expectations about future events. Discussions containing forward-looking statements may be found, among other places, in

Business and Management's Discussion and Analysis of Financial Condition and Results of Operations incorporated by reference from our most recent Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q, as well as any amendments thereto reflected in subsequent filings with the SEC. These forward-looking statements are based largely on our expectations and projections about future events and future trends affecting our business, and so are subject to risks and uncertainties, including the risks and uncertainties described below under Forward-Looking Information, that could cause actual results to differ materially from those anticipated in the forward-looking statements.

Future equity issuances or a sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

Because we may need to raise additional capital in the future to construct our depleted UF₆ de-conversion and FEP facility, among other things, we may conduct additional equity offerings. If we or our shareholders sell substantial amounts of our common stock (including shares issued upon the exercise of options and warrants) in the public market, the market price of our common stock could fall. A decline in the market price of our common stock could make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Our disclosure and analysis in this prospectus, in any prospectus supplement, in the documents incorporated by reference and in some of our other public statements contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. This Act provides a safe harbor for forward-looking statements to encourage companies to provide prospective information about themselves so long as they identify these statements as forward-looking and provide meaningful cautionary statements identifying important factors that could cause actual results to differ from the projected results. In some cases, you can identify forward-looking statements by terminology such as anticipate, believe, continue, could, estimate, expect, intend, may, might, predict, should, or will, or the negative of those terms, or comparable terminology.

Any or all of our forward-looking statements in this prospectus, in any prospectus supplement, in the documents incorporated by reference and in any other public statements we make may turn out to be inaccurate. Forward-looking statements reflect our current expectations or forecasts of future events or results and are inherently uncertain.

Inaccurate assumptions we might make and known or unknown risks and uncertainties can affect the accuracy of our forward-looking statements. Accordingly, no forward-looking statement can be guaranteed and future events and actual or suggested results may differ materially.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make in our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as in any prospectus supplement relating to this prospectus and other public filings with the SEC.

USE OF PROCEEDS

We are filing the registration statement of which this prospectus is a part to permit holders of the shares of our common stock described in the section entitled "Selling Shareholders" to resell such shares. We will not receive any proceeds from the sale of shares by the selling shareholders. All net proceeds from the sale of the common stock covered by this prospectus will go to the selling shareholders. It is unlikely that any outstanding warrants will be exercised for cash because they contain net exercise provisions that allow the holder to forgo some of the shares that would otherwise be received in order to pay the exercise price. However, if all of the outstanding warrants were exercised for cash, the gross proceeds to us would be \$11.63 million (exclusive of related expenses). The actual exercise of any of these securities however is beyond our control and depends on a number of factors, including the market price of our common stock. The net proceeds, if any, from the exercise of these securities will be used for general corporate purposes.

The selling shareholders will pay any underwriting discounts and commissions and expenses incurred by the selling shareholders for brokerage, accounting, tax or legal services or any other expenses incurred by the selling shareholders in disposing of the shares. We will bear all other costs, fees and expenses incurred in effecting the registration of the shares covered by this prospectus, including, without limitation, all registration and filing fees, and fees and expenses of our counsel and our accountants.

PRICE RANGE OF COMMON STOCK

Our common stock is quoted on the Over the Counter Bulletin Board under the trading symbol INIS.OB. High asked prices and low bid prices reported by the OTC Bulletin Board during the periods indicated are shown below, which reflect inter-dealer prices, without retail markup, mark-down, or commission and may not reflect actual transactions:

Fiscal Year	Quarter	High Asked	Low Bid
2011	1 st	\$0.30	\$0.15
2011	2 nd	\$0.22	\$0.12
2010	1 st	\$0.59	\$0.38
2010	2 nd	\$0.53	\$0.35
2010	3 rd	\$0.45	\$0.28
2010	4 th	\$0.35	\$0.24
2009	1 st	\$0.40	\$0.17
2009	2 nd	\$0.39	\$0.25
2009	3 rd	\$0.73	\$0.24
2009	4 th	\$0.70	\$0.44
2008	1 st	\$1.15	\$0.77
2008	2 nd	\$0.85	\$0.63
2008	3 rd	\$0.82	\$0.50
2008	4 th	\$0.49	\$0.16

On May 31, 2011, there were 515 holders of record of our common stock. We have never paid any cash dividends on our common stock. In the future, and based upon our profit performance, our Board of Directors will evaluate and determine whether to issue dividends or retain funds for research and development and expansion of our business. It is unlikely that we will pay any dividends to shareholders for the foreseeable future.

SELLING SHAREHOLDERS

We issued 29,075,000 units on October 29, 2010 for a purchase price of \$0.20 per unit. Each unit consists of (i) one share of the Company's common stock and (ii) a common stock purchase warrant to purchase one share of our common stock at an exercise price of \$0.40 per share (subject to adjustment as set forth in the warrants). The warrants expire on October 29, 2015. Pursuant to the registration rights agreement entered into in connection with the issuance among us and the selling shareholders, we agreed to file this registration statement with the SEC to register the disposition of the shares of our common stock we issued to those stockholders and the shares of common stock issuable upon exercise of the warrants and to keep the registration statement effective until the earlier of (i) the date at which time the selling shareholders may sell all of the shares issued and the shares of common stock issuable upon exercise of the Warrants covered by this Registration Statement without restriction pursuant to Rule 144 promulgated under the Securities Act of 1933 or (ii) the date on which the selling shareholders shall have sold all such securities covered by this registration statement. The documents relating to the private placement are attached as exhibits to the Current Report on Form 8-K filed November 1, 2010 with the Securities and Exchange Commission.

The following table sets forth: (1) the name of each of the selling shareholders; (2) the number of shares of our common stock beneficially owned by each such selling shareholder prior to this offering; (3) the number of shares of our common stock covered by this prospectus; (4) the number of shares of our common stock beneficially owned upon completion of this offering, and (5) the percentage (if one percent or more) of common stock beneficially owned by each such selling shareholder after this offering, assuming all of the shares covered hereby are sold. Beneficial ownership is determined in accordance with Rule 13d-3 promulgated by the SEC, and generally includes those shares a selling shareholder has the power to vote or the power to transfer, and stock options and other rights to acquire common stock that are exercisable currently or become exercisable within 60 days. The selling shareholders may decide to sell all, some, or none of the shares of common stock covered hereby. Accordingly, we cannot provide any estimate of the number of shares of our common stock that any of the selling shareholders will hold once the offering is complete. However, for purposes of this table, we have assumed that, after completion of the offering, none of the shares covered by this registration statement will be held by the selling stockholders. The calculation of the percentage owned is based on 323,604,727 shares outstanding on June 28, 2011.

Security Ownership of Selling Shareholders

Shares of Common Stock Beneficially Owned Prior to Offering(1)	Number of Shares of Common Stock Being	Shares of Common Stock to be Beneficially Owned After Offering(2)
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Registered

for Resale

Name of Selling Shareholder	Number	Percentage	Number	Percentage
Barbara S. Meister TR The Meister Non-Exempt Marital TR U/A 11/17/83	500,000(3)	*	500,000	--