

NOT FOR DISTRIBUTION TO UNITED STATES NEWS WIRE SERVICES OR DISSEMINATION IN UNITED STATES

[Iona Energy Inc.](#) ("Iona" or the "Company") (TSX VENTURE:INA) a Canadian independent oil & gas company with assets in the UK North Sea announces its Q1 2015 financial and operating results for the three months ended March 31, 2015.

Q1 2015 Highlights

Operating

- Q1 2015 average net production of 1,707 barrels of oil equivalent per day ("boepd") (2014: 3,583 boepd). Production was constrained by virtually no access to the Central Area Transmission System ("CATS") gas export system for Huntington.
 - Huntington Q1 2015 average production of 9,860 boepd (gross), 1,479 boepd (net to the Company's 15% working interest⁽¹⁾).
 - Trent & Tyne Q1 2015 average production of 1,140 boepd (gross), 228 boepd (net to the Company's 20% working interest).
- Orlando development remains on track for first production in Q4 2016.
 - Management seeking to deliver capex savings of 10-15% on the current 2015-2016 budget of US\$215 million (gross).

Financial

- Q1 2015 revenues of US\$8.1 million (2014: US\$35.6 million), Funds Flow of US\$2.2 million (2014: US\$27.1 million) and Adjusted EBITDA of negative US\$1.7 million (2014: US\$27.8 million).
- Loss after tax of US\$13.6 million for Q1 2015 (2014: US\$338,000 loss).
 - Q1 2015 loss includes US\$10.5 million non-cash income tax charge directly linked to the reduction in the prevailing tax rate from 62% to 50%.
- Cash and restricted cash US\$73.5 million at the end of Q1 2015 (2014: US\$95.7 million) (US\$55.1 million (2014: US\$55.5 million) restricted for purposes of Orlando development).
 - An additional US\$13.3 million is currently being held in a restricted account in the name of one of Iona's physical crude offtakers in relation to the retirement of certain call options. This party has agreed to consider restructuring this payment subject to the Company reaching a broader restructuring agreement with its bondholders.

Post Period Operational Highlights

- Huntington production at unconstrained rates in April 2015 with all four production wells returning to full production delivery.
 - April 2015 average Huntington production was 20,091 bbls of oil per day and 2,217 boe of associated gas per day exported into CATS (22,308 boe/day gross, 3,346 boe/day net to the Company's 15% working interest⁽¹⁾).
 - May 2015 (to May 24th) average for the Huntington field was 18,745 bbls of oil per day and 2,253 boe of associated gas per day exported into CATS (20,999 boe/day gross, 3,150 boe/day net to the Company's 15% working interest⁽¹⁾).
 - CATS onshore terminal slowdown still scheduled through June and July when forecast rates from Huntington will reduce due to an overall reduction in gas export availability in CATS. The Company and the Huntington partners are currently negotiating commercial amendments to the transportation agreement which if successfully concluded may result in an improvement to certainty in gas export volumes from Huntington during this period and also on a longer term basis.

⁽¹⁾ Iona also benefits from a 0.75% differential lifting entitlement and a 1.8% royalty interest in the Huntington field.

Funding & Review Update

On April 17, 2015, the Company executed an amended and restated Bond agreement (the "Amended and Restated Bond Agreement") among the Issuer and Nordic Trustee ASA, as bond trustee, setting out the terms and conditions of the Bond amendments governing the Bonds. Further details are explained in Note 12 of the Company's Condensed Consolidated Financial Statements for the three months ended March 31, 2015 and full details of the amendments can be found in the Amended and Restated Bond Agreement which was filed on SEDAR.

Related to the terms of those amendments, the Company has initiated a review process to consider all options to (i) ensure the business is fully funded to first oil at Orlando, and/or (ii) enable the refinancing of the Bonds. The Company has now received a number of indications of interest and also received term sheets relating to the conditional provision of new funding and currently anticipates being able to present a proposal (the "Proposal") to bondholders for their approval by a simple majority by June 30, 2015. If the Proposal is approved in June then it is required to be further supported by a 66 2/3 majority in a bondholder meeting and implemented by September 30, 2015.

If Iona does not provide a Proposal or a Proposal is not supported by the bondholders then the Company is under an obligation

to use its reasonable endeavours to arrange for the issue of a new super senior debt funding (the "Super Senior Funding") to be made available by no later than September 30, 2015. Again based on indications of interest received to date, the Company currently believes that it could present a Super Senior Funding within that time frame.

Both implementation of the Proposal and the Super Senior Funding are subject to bondholders' approval at a bondholders' meeting. There can be no guarantee that bondholders will vote in favour of either the Proposal or the Super Senior Funding. If neither the Proposal nor the Super Senior Funding are supported by bondholders, then the Company will likely default under the terms of the Bonds during 2015. In an event of default, bondholders could require immediate repayment of the Bonds.

Tom Reynolds, Chief Executive Officer, commented:

"With unrestricted access to CATS, the Huntington field continues to deliver above the Iona budget estimates for 2015 giving stronger cashflow to the business. Management's efforts are focused on maintaining pace at Orlando, reducing costs, endeavoring to farm-out and/or sell selected assets while concluding the review process to ensure the business has an appropriate long-term capital structure. Management anticipates presenting a Proposal to bondholders during June for their approval and an update will be made in due course."

Q1 2015 Operations Update

Huntington

- Q1 2015 net production of 1,479 boepd.
- Production was significantly impacted by access to CATS, with production constrained for all of Q1 2015.
- The field operator continues to work on gas disposal by way of an injection solution with a trial expected during Q3 2015.
- The Huntington field partners continue to review how to maximize recovery from the field. Subsurface studies are ongoing which may support further capital investment in the field in the form of either a new production or injection well or a sidetracked water-injection well in 2016.

Trent & Tyne

- Q1 2015 net production of 228 boepd.

Orlando

- Ninian Central Platform ("NCP") modifications on track and installation of Orlando equipment planned during summer shutdown starting on June 8, 2015.
- Orlando 2015-2016 project costs budget reduced from US\$228 million to US\$215 million (gross). Further cost savings in the order of 10-15% on the revised budget are being targeted by management.
- Contracts awarded for key long-lead items including the electrical submersible pumps ("ESPs") and subsea valves to maintain project momentum for first production in Q4 2016.

There will be no call for analysts and investors in relation to the Q1 2015 financial statements. The Company is fully disclosed following its recent year-end and Q1 2015 financial reporting.

Notes:

Further details on the above are provided in the Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2014 and the year ended December 31, 2013, which have been filed with securities regulatory authorities in Canada. These documents are available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com and on the Company's website: www.ionaenergy.com.

About Iona Energy:

Iona is an oil and gas company with assets in the United Kingdom's North Sea.

Forward-looking statements:

Some of the statements in this announcement are forward-looking, including statements regarding Iona's plans for the development of its properties, statements regarding potential Proposals and estimated production levels. Forward-looking statements include statements regarding the intent, belief and current expectations of [Iona Energy Inc.](http://www.ionaenergy.com) or its officers with respect to various matters, including assumptions regarding Huntington production rates. When used in this announcement, the words "expects," "believes," "anticipate," "plans," "may," "will," "should", "scheduled", "targeted", "estimated" and similar

expressions, and the negatives thereof, whether used in connection with estimated production levels and future activity or otherwise, are intended to identify forward-looking statements. Such statements are not promises or guarantees, and are subject to risks and uncertainties that could cause actual outcomes to differ materially from those suggested by any such statements, including without limitation, the risk that Iona's development plans change as a result of new information or events or the risk that proposed transactions are not completed. These forward-looking statements speak only as of the date of this announcement. [Iona Energy Inc.](#) expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based except as required by applicable securities laws.

Notes Regarding Oil and Gas Disclosure:

Note: "Boe" means barrel of oil equivalent on the basis of 6 mcf of natural gas to 1 bbl of oil. Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Neither the TSX Venture Exchange Inc. nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Contact

[Iona Energy Inc.](#)

Tom Reynolds
CEO
+44 (0) 1224 228400

[Iona Energy Inc.](#)

Robert Gair
CFO
+44 (0) 1224 228400
info@ionaenergy.com

Camarco
Billy Clegg / Georgia Mann
+44 (0) 20 3757 4980