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[Iona Energy Inc.](#) ("Iona" or the "Company") (TSX VENTURE:INA), a Canadian independent oil & gas company with assets in the UK North Sea announces that further to the Company's press release dated June 30, 2015, it has today submitted to the bond trustee a summons to a bondholders' meeting (the "Summons") to approve a restructuring of Iona (the "Restructuring"). The Restructuring comprises the following key inter-conditional elements:

- Farm out of Orlando and Ronan & Oran to a highly competent financial and technical partner, an upstream subsidiary of a global energy company:
 - Sale of a 25% working interest in Orlando for US\$25.5m development cost carry plus cash payments to Iona of US\$10.8 million after Orlando first oil
 - Partner would pay full costs of Ronan & Oran technical studies to earn an option to earn a 66.67% working interest in return for funding full costs of an appraisal well with a drill-or-drop decision required by end of 2015
- Innovative funding arrangements agreed with a number of industry counterparties who would defer payment or provide loans to fund capex related to the Orlando field
 - All financing provided by industry counterparties at zero interest rate
- Direct capex savings for the Orlando project with an updated gross budget of US\$192 million (from January 1, 2015)
 - Represents savings of 16% since late 2014
- Bond debt to be reduced from approximately US\$292 million to US\$120 million
 - A cash repayment to bondholders of US\$24 million
 - Bondholders reducing the aggregate amount of outstanding Bonds to US\$120 million
 - Remaining Bonds in excess of US\$120 million being exchanged for new common shares in the Company representing 87% of the pro forma issued and outstanding common shares. The remaining Bonds are being exchanged at a conversion price of approximately CAD\$0.08 per share⁽¹⁾.
- Following a positive vote from bondholders for the proposed Restructuring, the Company envisages implementing all arrangements or transactions by the end of September 2015
- The Company has received strong support from bondholders for the Restructuring with 62% pre-acceptances to vote in favour of the proposals at the bondholders' meeting
 - Implementation subject to approval of the Restructuring by a two thirds majority of bondholders
 - The Restructuring, including conversion of outstanding Bonds to common shares, is not expected to result in the creation of a new Control Person for the Company. As a result, it is not expected that the Restructuring will require shareholder approval in accordance with TSX Venture Exchange Policy 4.3.

Further details of the proposed Restructuring are outlined in the Summons which will be published tomorrow. The Company has also prepared a short presentation to summarise the proposed Restructuring. Both the Summons and the presentation will be made available on the Company's website at www.ionaenergy.com.

On July 24, 2015, the Canadian firm of PricewaterhouseCoopers LLP ("PwC Canada") provided its opinion to the board of directors (the "Fairness Opinion") that, at the current date and based on the various considerations and assumptions set forth in the Fairness Opinion, the proposed Restructuring is fair, from a financial point of view, to the shareholders of Iona.

All transactions or arrangements described above are in agreed form but remain subject to negotiation and execution of final documentation following a positive vote at the bondholder meeting. Some transactions or arrangements are subject to final Board approvals of counterparties, confirmatory legal due diligence and third party, co-venturer and regulatory consents.

The Company specifically draws the attention of shareholders and bondholders to the Forward Looking Statements and Notes section of this release and to the Summons. In particular, the Company also draws attention to the consequences of not receiving a positive bondholder vote at the forthcoming meeting and/or not implementing the various potential arrangements.

Tom Reynolds, Chief Executive Officer, commented:

"Subject to a positive bondholder vote and a challenging implementation schedule, this is another positive step for Iona in stabilizing the business to deliver the Orlando project and support future growth. The proposed Restructuring would deliver a number of significant positives for the Company including: the addition of a strong financial and technical partner to the Orlando project; potential participation in an appraisal well at Ronan and Oran; a de-risking of Orlando project execution by linking payment of key service providers to achievement of first oil; and a significant reduction in overall leverage to a sustainable level.

The Restructuring follows an extensive review of alternatives for the Company which clearly demonstrated that other options were significantly less favourable for the Company and its stakeholders and would have likely resulted in a liquidation and/or insolvency of the Company and significant destruction of any remaining shareholder interest."

Tom Reynolds, CEO will be hosting a conference call for investors and analysts on July 30, 2015 at 14.00BST (London) / 07.00MDT (Calgary) / 09.00ET (Toronto). To join the call please dial in 5-10 minutes prior to the start time using the information below.

Dial in details:

UK Toll-Free Number: 0808 237 0030
Canada: +1 866 404 5783
USA: +1 866 928 7517
Participant Pin Code: 76625506#

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Camarco is a financial public relations group assisting the Company with this press release.

Notes

Funding background

On September 27, 2013, Iona, via its UK subsidiary, Iona Energy Company (UK) plc, issued US\$275 million in senior secured bonds (the "Bonds"). On March 27, 2015 the Company announced that bondholders had approved a series of amendments and waivers (the "Amendments") to increase financial flexibility for the Company.

The Company was in breach of the Bond covenants as at December 31, 2014 and would also have been in breach at March 31, 2015 had it not secured the Amendments from bondholders. Absent the Amendments, two consecutive quarterly breaches would have resulted in a default under the terms of the Bonds which could have required immediate repayment of the Bonds.

Under the terms of the Amendments, the Company was obliged to conduct a review before June 30, 2015 (the "Review") to consider all options to enable (i) the funding of the Orlando project to achieve first oil by December 31, 2016 and/or (ii) the refinancing of the Bonds.

Farm-Out

Iona has agreed to farm-out a 25% interest in the Orlando field in consideration for a US\$25.5 million development cost carry plus cash payments totaling a minimum of US\$10.8 million following first production at the Orlando field. The farm-out counterparty ("Farm-Out Partner") is the E&P subsidiary of a European energy company with an investment grade credit rating and represents a very strong financial and technical partner for the project.

In addition, the Farm-Out Partner has agreed to pay 100% of the costs of technical studies (capped at £350k) relating to a potential appraisal well on the Ronan and Oran asset. Following completion of the studies, the Farm-Out Partner shall earn an option to acquire a 66.67% interest in the Ronan and Oran asset in return for funding 100% of the costs (including sidetrack and testing programme) of an appraisal well.

Industry Funding

Four industry partners have agreed to defer payment for services or provide loans to fund Orlando capital expenditures with repayment scheduled in the nine months following first production from the Orlando field. Importantly, these arrangements align key service providers to deliver the project on schedule with first production still on track for Q4 2016. Certain of these industry partners will benefit from security over Iona's assets. In addition, Iona has been able to crystallise absolute capex savings on the project with the gross budget now US\$192 million (from January 1, 2015) versus US\$228 million when the management team joined in late 2014.

Bond Restructuring

Bondholders are being requested to approve a number of amendments to their existing Bonds which are summarized below:

- Repayment of US\$24 million of the outstanding Bonds
- Reduction in outstanding Bond debt to US\$120 million
- Interest payments to be payment-in-kind at a coupon rate of 10% until repayment of the industry funding (reverting to cash interest at 9.5% once the industry funders have been repaid)
- Security ranking subordinated to certain of the industry funders until such industry funders are repaid
- Bond debt in excess of US\$120 million to be converted into common shares of Iona which will represent 87% of the pro forma issued and outstanding common shares of the Company (on a non-diluted basis) following the Restructuring. The actual amount of Bond debt to be converted into common shares (and the corresponding conversion price per share) will be dependent upon the effective date of the Restructuring. Additionally, if the Restructuring is implemented, it is anticipated that the expiry date of a portion of the warrants previously issued to bondholders shall be accelerated to May 11, 2016.

A bondholder meeting is scheduled for August 6, 2015 to approve the Restructuring. The Company has received pre-acceptances to vote in favour of the Restructuring from bondholders representing 62% of the outstanding Bonds. To approve the Restructuring, bondholders representing at least 2/3rds of the Bonds representing in person or by proxy at the meeting must vote in favour.

About Iona Energy:

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

Forward-Looking Statements

Some of the statements in this announcement are forward-looking, including statements regarding the material terms, anticipated effects and anticipated timing of the Restructuring, anticipated bondholder support for the Restructuring, anticipated development costs and timing for the Company's Orlando project assuming the Restructuring is completed, the amount of Bond debt to be converted into common shares of Iona (and the related conversion price per share), factors that may affect future Bond covenant compliance, and future business plans of Iona. When used in this announcement, the words "expects," "believes," "anticipate," "plans," "may," "will," "would," "should," "scheduled," "targeted," "estimated" and similar expressions, and the negatives thereof, are intended to identify forward-looking statements. Such statements are not promises or guarantees, are based on various assumptions by Iona's management, including the assumption that Iona will have 370,580,868 common shares outstanding immediately prior to the Restructuring and assumptions regarding future contractual terms and anticipated timing which may be beyond Iona's control, 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 the business plans described in this announcement are changed as a result of new developments or information, the risk that the Restructuring is not implemented for any reason, including the risk that the Restructuring is not approved by the Bondholders, the risk that the final terms of the definitive agreements implementing the Restructuring (or portions thereof) are different than those anticipated, and the risk that the Restructuring is delayed or does not have the anticipated positive impact upon the Company. 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.

There remains significant uncertainty with regard the implementation of the Restructuring. Implementation is subject to approval of the Restructuring by a two thirds majority of bondholders at a bondholder meeting and there is no guarantee that bondholders will vote in favour. In the event that the Restructuring is not implemented by September 30, 2015 then the Company will likely default under the terms of the Bonds. In an event of default, bondholders could require immediate repayment of the Bonds.

(1) Assumes conversion takes place on September 30, 2015 and includes accrued interest to that date. The exact conversion price will depend on the date conversion occurs and the total level of accrued interest at that time.

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