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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 its Q2 2015 financial and operating results for the three and six months ended June 30, 2015.

Q2 2015 Highlights

Operating

- Q2 2015 average net production of 3,303 barrels of oil equivalent per day ("boepd") (2014: 2,382 boepd).
- Following constraints to Huntington production due to unavailability of the Central Area Transmission System ("CATS") gas export system, full production resumed from the Huntington field during April 2015.
 - Huntington Q2 2015 average production of 20,607 boepd (gross), 3,091 boepd (net to the Company's 15% working interest ⁽¹⁾).
 - Trent & Tyne Q2 2015 average production of 1,060 boepd (gross), 212 boepd (net to the Company's 20% working interest).
- Orlando development remains on track for first production in Q4 2016.

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

Financial

- Q2 2015 revenues of US\$16.3 million (2014: US\$27.1 million), Funds Flow of US\$7.9 million (2014: US\$3.3 million) and Adjusted EBITDA of US\$6.4 million (2014: US\$12.2 million).
- Loss after tax of US\$47.6 million for Q2 2015 (2014: US\$28.0 million loss) following an impairment of the Huntington asset (US\$13.4 million) driven by a reduction in oil price expectations and related reduction in the deferred tax asset (US\$18.6 million).
- Cash and restricted cash US\$74.0 million at the end of Q2 2015 (2014: US\$95.7 million) (US\$55.0 million (2014: US\$55.0 million) restricted for purposes of Orlando development).

Post Period Highlights

- Huntington production has remained robust with the CATS summer slowdown having limited impact following commercial amendments to the transportation agreements.
 - July 2015 average Huntington production was 1,881 bbls of oil per day and 298 boe of associated gas per day exported into CATS (14,527 boe/day gross, 2,179 boe/day net to the Company's 15% working interest⁽¹⁾).
 - August 2015 (to August 24th) average for the Huntington field was 1,936 bbls of oil per day and 220 boe of associated gas per day exported into CATS (14,371 boe/day gross, 2,156 boe/day net to the Company's 15% working interest⁽¹⁾).
- Orlando 2015-2016 project costs budget reduced from US\$215 million to US\$192 million (gross).
 - Iona has been able to take advantage of the favourable contracting environment for 2016 oilfield services and secured material further cost savings to the Orlando project.
 - The revised budget represents an overall saving of US\$36 million, or 16%, versus the budget of US\$228 million when the management team joined in late 2014.
 - In addition, as discussed below, certain industry counter parties have also agreed to defer payment or provide loans to fund certain of these capital expenditures.
- Orlando development remains on track for first production in Q4 2016.
 - Integrated riser hang off structure loaded onto supply vessel in August 2015 with installation expected to be completed in September 2015.

⁽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 July 1, 2015 Iona's UK subsidiary, Iona Energy Company (UK) plc, entered into a definitive sale and purchase agreement with GDF SUEZ E&P UK Ltd (part of the ENGIE Group) in respect of the Company's 2.5% interest in the Esmond Transportation System which includes Iona's associated interest in the EAGLES pipeline. The transaction completed in August 2015 and Iona received cash at closing of £1.3 million (approximately US\$2.0 million).

On July 30, 2015, the Company announced details of a proposed restructuring (the "Restructuring") of Iona. The Restructuring comprises the following 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\$25.5 million 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.
- 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.
- Senior secured bond debt (the "Bonds") to be reduced 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⁽²⁾.
 - 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).

⁽²⁾ 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.

On August 6, 2015, the Company announced that bondholders had approved the Restructuring.

All of the elements of the Restructuring described above are in agreed form but remain subject to negotiation and execution of final documentation. 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 envisages implementing all arrangements or transactions by the end of September 2015. There remains significant uncertainty with regard to the implementation of the Restructuring. 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.

Q2 2015 Operations Update

Huntington

- Q2 2015 net production of 3,091 boepd.
- Unconstrained production resumed during April 2015 following production constraints linked to access to CATS.
- During Q2 2015 the Huntington partners finalized commercial amendments to the Huntington gas transportation agreement which are expected to deliver an improvement in certainty of gas export volumes.
- 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 a sidetracked water-injection well in 2016.

Trent & Tyne

- Q2 2015 net production of 212 boepd.

Orlando

- Substantially all planned works relating to Orlando reception facilities on Ninian Central Platform ("NCP") were completed as planned during the summer shutdown period in June 2015 supporting the Company's objective of delivering first oil from Orlando in Q4 2016.

A call for analysts and investors will be held at 14.00 UK (9.00am EST) to discuss the results. Dial-in details are below:

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Dial-in (UK): +44 (0) 203 139 4830

Dial-in (UK toll free): +44 (0) 808 237 0030

Passcode: 80290662#

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 assuming completion of the Restructuring, statements regarding anticipated capital expenditures, statements regarding the material terms, anticipated effects and anticipated timing of the Restructuring, and future obligations under Iona's amended and restated bond agreement. Forward-looking statements include statements regarding the intent, belief and current expectations of [Iona Energy Inc.](#) or its officers with respect to various matters, including assumptions regarding future contractual terms relating to the Restructuring and the assumption that Iona will have 370,580,868 common shares outstanding immediately prior to the Restructuring. 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, the risk that the Restructuring is not implemented for any reason, the risk that the final terms of the definitive agreements implementing the Restructuring (or portions thereof) are different than those anticipated, the risk that the Restructuring is delayed or does not have the anticipated positive effect 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.

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.

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