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Iona Energy Inc. ("Iona" or the "Company") (TSX VENTURE:INA)

Funding and Operational Update

Highlights

- Iona has received unanimous written support from an ad hoc committee of bondholders, representing 64% of the outstanding Bonds, for its recommended transaction proposal to re-finance the Company's bond debt.
- The proposal remains subject to the approval of a two thirds majority of Bondholders attending a Bondholder meeting which is expected in July/August.
- The recommended proposal, if implemented, is intended to ensure that the Company is fully funded for the Orlando project.
- The Huntington field production continues to perform above budget expectations.

Iona Energy Inc., a Canadian independent oil & gas company with assets in the UK North Sea announces to shareholders and bondholders that it has received unanimous written support from an ad hoc committee of bondholders (the "**Ad Hoc Committee**"), representing 64% of the outstanding Bonds, for its recommended transaction proposal (the "**Transaction Proposal**"). This follows Iona presenting to the Ad Hoc Committee a range of alternatives to enable the funding of the Orlando project to achieve first oil and/or the refinancing of the Bonds. The recommended Transaction Proposal, if implemented, is intended to ensure that the Company is fully funded for the Orlando project.

There is no guarantee that the Transaction Proposal will be implemented due to the requirement to finalize and execute definitive transaction documentation with a number of third parties. Signature of such documentation is targeted in July/August 2015. The Transaction Proposal also remains subject to the approval of a two thirds majority of Bondholders attending a Bondholder meeting which is also expected in July/August 2015. Further details will be disclosed once definitive transaction documentation is finalized and the Company issues a summons for the Bondholder meeting.

A component of any Transaction Proposal is expected to be conversion of a proportion of the outstanding Bonds into common shares of the Company at a conversion price of not less than the current market price of Iona's common shares (subject to applicable TSX Venture Exchange policies). This will reduce leverage and is designed to create a sustainable ongoing capital structure for the Company. The Transaction Proposal, including conversion of outstanding Bonds to equity, 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 Transaction Proposal will require shareholder approval in accordance with TSX Venture Exchange Policy 4.3. All stakeholders are directed to the Forward Looking Statements section of this announcement.

Tom Reynolds, Chief Executive Officer, commented:

"Following an extensive Review we are pleased to have received support for the Transaction Proposal from a significant number of bondholders. We are focused on finalizing and implementing the Transaction Proposal to support the development of the Orlando project and to create a sustainable long-term future for the Company."

Operational Update

The Huntington field continues to perform above the budget expectations presented in the Company's release on March 5, 2015.

- May 2015 production averaged 18,247 boepd (gross), 2,737 boepd (net to the Company's 15% working interest⁽¹⁾)
- To date, the CATS onshore summer slowdown (scheduled for June and July 2015) has had a limited impact on Huntington production.
 - June 2015 (to June 25) production has averaged 16,429 boepd (gross), 2,464 boepd (net to the Company's 15% working interest⁽¹⁾)
- The Company is still budgeting for some production constraints during July 2015 arising from the CATS slowdown

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

The Huntington partners have now finalized commercial amendments to the Huntington gas transportation agreement which is expected to deliver an improvement in certainty of gas export volumes from Huntington for the remainder of the CATS summer maintenance slowdown period and on a longer term basis.

The Orlando project continues to make progress. During a recent planned shutdown on the Ninian Central Platform substantially all planned works on Orlando reception facilities were completed as planned. This supports the Company's objective of delivering first oil on Orlando by end 2016.

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

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

Due to the confidential status of the terms of the Transaction Proposal and the ongoing process, there will be no call for analysts and investors in relation to this 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, these 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.

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 Review and the Transaction Proposal, 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," "should", "scheduled", "targeted", "estimated", "intend" 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 assumptions which are 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 Transaction Proposal is not implemented for any reason, including the risk that the Transaction Proposal is not approved by the Bondholders, and the risk that the Transaction Proposal 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 Transaction Proposal. Implementation is subject to approval of the Transaction Proposal 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 Transaction Proposal is not approved by bondholders 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. Further, the Transaction Proposal under consideration includes a range of potential structures including, in some instances, issuance of new shares or other dilutive securities.

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.