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

Restructuring Update

Iona Energy Inc. ("**Iona**" or the "**Company**") (TSX VENTURE:INA), a Canadian independent oil & gas company with assets in the UK North Sea provides the following update regarding the financial restructuring of Iona (the **"Restructuring"**) which was announced on July 29, 2015.

The proposed farm out by Iona of the Orlando project (the **"Orlando Farm Out"**) will not proceed. The parent company of the proposed counterparty, a global energy company, has elected to restrict capital allocation to its upstream operations and therefore the Orlando Farm Out will not be completed.

The Orlando Farm Out was a key component of the Restructuring. This now means that the Restructuring cannot be completed as proposed. In the absence of the Orlando Farm Out and the lack of a deliverable funding solution for Atlantic Petroleum's share of Orlando costs, significant additional funding is required to ensure Iona can finance its share of capital expenditures related to the Orlando project. Having reviewed a range of alternatives and met with a large number of equity and debt providers and strategic counterparties during 2015, the management and Board of Iona do not believe there is any reasonable prospect of obtaining alternative funding in the current commodity price environment and within the required timeframes.

It is therefore highly likely that Iona's wholly owned UK subsidiaries, Iona Energy (UK) Company plc (**"Iona UK"**) and Iona UK Huntington Limited ("**Iona Huntington**"), will commence insolvency procedures to protect the interests of all stakeholders in coming days. Given the level of senior secured debt owed by Iona UK under its bonds ("**Bonds**") and the concentration of Iona's assets in Iona UK, it is highly unlikely that there will be any residual value for shareholders of Iona following any such process.

Accordingly, trading in the shares of Iona on the TSX Venture Exchange will be suspended until further notice.

Tom Reynolds, Chief Executive Officer, commented

"Despite tireless, collaborative and innovative work by the Iona team and suppliers to effect the Restructuring, we have not been able to overcome the severe difficulties in today's oil and gas environment. We deeply regret the detrimental effect this will have on our shareholders, employees, creditors and suppliers."

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

For further information please contact:

Tom Reynolds, CEO

Telephone: +44 (0) 1224 228400

Billy Clegg / Georgia Mann, Camarco

Telephone: +44 (0) 20 3757 4980

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

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 anticipated actions of Iona UK and Iona Huntington, and the anticipated effects of the appointment of an administrator by Iona UK and Iona Huntington. 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 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 anticipated actions of Iona UK and Iona Huntington described in this announcement are changed as a result of new developments or information. 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.

Given that the Restructuring cannot be completed as planned, it is highly likely that Iona will default under the terms of the Bonds in the near future, in particular, under the terms of the Bonds relating to the proposed Restructuring and the Orlando development. In an event of default, the Bondholders could require immediate repayment of the Bonds.