

Iona Energy Company (UK) Limited (In Administration) (“the Company”)

Update to Bondholders

19 August 2016

Background

On 1 June 2016, a sale and purchase agreement (“SPA”) was signed for the sale of the Company to Bridge Petroleum 2 Limited (“Bridge”), with completion subject to certain condition precedents.

Proposals outlined in a bondholder summons dated 9 June 2016 were approved on 16 June 2016 in relation to a Company Voluntary Arrangement (“CVA”) and sale of the Company and associated bond restructuring.

The CVA was also approved by the Company’s unsecured creditors on 17 June 2016.

It had been anticipated that completion of the SPA would occur in late July 2016.

Update on transaction

Over recent weeks, Bridge has advised the Administrators of uncertainties which have arisen in its process to secure funding for the Orlando development. This has had a consequential impact on their ability to access funding necessary to allow completion of the SPA.

As a result, the timing of completion has been delayed, and there exists a potential risk that Bridge may not be able to complete the SPA.

The SPA had a backstop date of 1 August 2016. An extension to this backstop date has been signed to 31 August 2016. As part of this extension, Bridge has agreed to cover certain operating costs of the Company from 1 August, subject to completion.

The Administrators are in frequent discussions with Bridge and its potential funders. Together with NT, the Administrators will monitor progress being made by Bridge on securing the requisite funding. Further extensions are expected to be needed during September, subject to satisfactory progress being demonstrated.

In light of the situation the Administrators are developing contingency options which may include a re-marketing of the Company to alternative buyers.

The affairs, business and property of Iona Energy Company (UK) Limited is being managed by the Joint Administrators. The Joint Administrators act as agents of the Company and without personal liability.

Chad Griffin and Lisa Rickelton are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales, under section 390(2)(a) of the Insolvency Act 1986.