



## NEWS RELEASE

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### Ithaca Energy Inc.

#### Ithaca Energy Announces Awarding of Share Options Under the Company's Stock Option Plan

**London, UK - Calgary, Canada, 21<sup>st</sup> August, 2009** – Ithaca Energy Inc. (TSX Venture: **IAE**, LSE AIM: **IAE**) (“**Ithaca**” or “**the Company**”), an independent oil & gas company with exploration, development and production assets in the UK sector of the North Sea, announces that, in accordance with the Company's Stock Option Plan, the Board of Directors approved the granting of 3,976,875 share options to Directors, Officers and Employees at a price of CDN \$0.87 which was the closing price on the TSX Venture Exchange on Thursday, August 20, 2009. The options shall be granted effective August 20, 2009 and are exercisable for a period of four years from that date. One third of the options will vest at the end of each of the first, second and third years from the effective date.

Of the recipients, a total of 2,342,500 share options were granted to Directors and Officers as follows:

Iain McKendrick	CEO and Director	750,000
Lawrence Payne	Chairman and Director	332,500
Steven Turner	CFO	200,000
Nicholas Muir	Officer	230,000
John Woods	Officer	230,000
John Summers	Director	100,000
Frank Wormsbecker	Director	100,000
Jay Zammit	Director	100,000
Brad Hurtubise	Director	100,000
Jack Lee	Director	100,000

Upon granting the options, the Company will have a total of 13,706,376 shares under option representing approximately 8.45% of total shares outstanding.

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*Forward-looking statements*

Some of the statements in this announcement are forward-looking. Forward-looking statements include statements regarding the intent, belief and current expectations of Ithaca Energy Inc. or its officers with respect to various matters. When used in this announcement, the words “expects,” “believes,” “anticipates,” “plans,” “may,” “will,” “should” and similar expressions, and the negatives thereof, 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 outcome to differ materially from those suggested by any such statements. These forward-looking statements speak only as of the date of this announcement. Ithaca 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.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this news release.

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