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Ithaca Energy Inc.

Ithaca Reports a substantial increase in Reserves

LONDON, U.K. – CALGARY, ALBERTA, February 1, 2010 – Ithaca Energy Inc. (LSE-AIM: IAE, TSX-V: IAE) and its wholly owned subsidiary Ithaca Energy (UK) Limited (“Ithaca” or the “Company”), an independent oil & gas company with exploration, development and production assets in the UK sector of the North Sea, announces an increase in reserves. The Company has filed with the securities regulatory authorities in Canada, through the System for Electronic Document Analysis (“SEDAR”), its statement of reserves data for the year ended December 31, 2009 (“Statement of Reserves Data”), which includes the disclosure and reports relating to reserves data and other oil and gas information. In connection with the Statement of Reserves Data, the Company has also filed on SEDAR Form 51-101F2 Report on Reserves Data by Sproule International Limited (“Sproule”) and Form 51-101F3 Report of Management and Directors on Reserves Data and Other Information. The entire filings are available for review at www.sedar.com.

The following table shows the movement of reserves through 2009 and also shows the movement versus the December 31 2008 report.

Category	Based on Sproule Dec 31 2008			Based on Sproule Dec 31 2009	
	Net Reserves Dec 31 2008 (mmboe)	Net Reserves Jul 29 2009 (mmboe) (post Dyas 2nd transaction)	Net Reserves Nov 27 2009* (mmboe) (post Maersk & CMI transaction)	Net Reserves Dec 31 2009* (mmboe)	Net Present Value Dec 31 2009* (US\$ MM) Before Tax discounted at 10%
Proved, 1P	14.52	7.25	8.37	15.99	\$287.58
Probable	14.22	7.74	8.83	21.20	\$480.77
Proved plus Probable, 2P	28.74	14.99	17.20	37.19	\$768.35
Possible	26.22	13.16	16.38	41.98	\$1001.68
Proved plus Probable plus Possible, 3P	54.97	28.15	33.58	79.17	\$1770.03

* assumes CMI transaction completes post Stella appraisal well

Net **Proved** reserves rose ~90% from **8.37** million barrels of oil equivalent (“mmboe”) to **15.99** mmboe. This reflects primarily an upward adjustment of reserves at Beatrice and Jacky due to a re-evaluation based on actual production results as well as new reserves at Stella (Ekofisk) and Harrier that Sproule had not previously evaluated.

The report demonstrates an increase in net **Proved and Probable** (“2P”) reserves of ~115%, from **17.20 mmboe** to **37.19 mmboe** as at December 31 2009. The overall rise in net 2P reserves is largely attributed to discoveries and reservoirs namely, Stella (Ekofisk),

Hurricane, Harrier and Carna previously not evaluated by Sproule in the December 31 2008 reserves report.

The figures have been adjusted for the 2nd Dyas transaction and assume that the farmout to Challenger Minerals Inc. ("CMI") of the Stella and Harrier discoveries (specifically) will be completed after the Stella appraisal well is drilled, anticipated in the first quarter of 2010.

Ithaca has focused its development efforts on rational clusters of assets, with the Company now comprising four core clusters including Beatrice, Stella, Carna and Athena. Ithaca has developed a diversified portfolio of UK North Sea assets aligned with its stated strategy. The Greater Stella Area ("GSA") has seen significant activity and reserves improvement over the past months, adding to the existing Beatrice and Athena reserves.

The GSA comprises the four discoveries of Stella (Andrew reservoir), Stella (Ekofisk reservoir), Harrier and Hurricane, as well as exploration acreage.

Summary of Reserve Changes

Major additions to reserves reported in the GSA have been achieved though considerable geological and geophysical study work conducted during the second half of 2009 in this, a prolific area of the Central North Sea:

- i) The evaluation of Stella (Ekofisk) and Harrier discoveries has added significant additional 2P reserves in this important core area.
- ii) Block 29/10b was awarded to Ithaca (now 100% equity interest) in the 25th UKCS Licensing Round. The block contains the Hurricane discovery which has been attributed Probable reserves.
- iii) 2P Gross reserves for Stella (Andrew) have not changed pending the appraisal well result.

Combined 2P reserves for the GSA now amount to **25.52 mmboe** representing ~70% of the total 2P reserves for the Company.

Other reserve changes have been made throughout the portfolio and are summarised below:

- i) In March 2009 the Company announced the successful drilling of the Carna prospect and Proved reserves for this discovery have been ascribed to Ithaca.
- ii) The Jacky field was brought on line in April 2009 and has performed well above expectation. Previous assessed Proved reserves (December 31 2008 adjusted for Dyas transaction) for Jacky before first production were 0.68 mmboe net. Ithaca net production for 2009 was 0.97 mmboe; the latest assessment confirms 1.37 mmboe of remaining Proved reserves net to Ithaca.
- iii) Ithaca acquired the Beatrice field in November 2008 and has achieved steady daily production increases over the last 12 months. Further work designed to access additional reserves is planned for 2010 and this has been taken into account by Sproule. Previous assessed Proved reserves (December 31 2008 adjusted for Dyas transaction) for Beatrice were 0.84 mmboe net. Ithaca net

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production for 2009 was 0.33 mmbob; the latest assessment confirms 1.65 mmbob of remaining Proved reserves net to Ithaca.

- iv) The Athena development has been updated with regard to project costs however no reserves change has occurred. The development project is awaiting imminent launch.

The Company's petroleum and natural gas reserves (the "reserves") were independently evaluated by Sproule (www.sroule.com) in accordance with the Canadian Oil and Gas Evaluation Handbook ("COGEH") reserves definitions and evaluation practices and procedures which abide by the standards set by the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM"), as specified by National Instrument 51-101 ("NI 51-101"). The evaluation uses Sproule's forecast prices and costs at December 31, 2009.

Iain McKendrick, CEO said "I am pleased with the progress that the Company has made over 2009. The Company will continue to add significant value to the portfolio through strong technical and commercial collaboration. Ithaca's technical team has identified significant upside in the Greater Stella Area; in addition to the discoveries (Stella (Andrew and Ekofisk), Harrier and Hurricane), Ithaca now holds a 100% equity interest in neighbouring exploration acreage with rich gas-condensate potential. The combination of Stella, Harrier and Hurricane could become part of one much larger phased development. 2010 is going to be an exciting year for the Company which, in the near term, will see the launch of Athena and the appraisal of the Stella field."

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In accordance with AIM Guidelines, Lawrie Payne, MA Marine Geology (Alberta & Columbia) and Chairman of Ithaca Energy is the qualified person that has reviewed the technical information contained in this press release.

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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", "could" and similar expressions, including references to the scope and timing of development of Stella, Athena, Harrier, Hurricane and Carna, and the negatives thereof, are intended to identify

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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.

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