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Ithaca Energy Inc.

Athena Project Moves Ahead

LONDON, U.K. – CALGARY, ALBERTA, February 8, 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, is pleased to announce that the Athena Joint Venture Partners have committed to the purchase of long lead equipment. A full project team has been commissioned to plan the development and finalize submission of the Environmental Statement and Field Development Plan ("FDP") for approval.

The Athena Joint Venture Partners have approved the immediate purchase of long lead equipment up to the value of US\$14.85 million to initiate the development of the Athena field. Orders will be placed for the supply of Electrical Submersible Pumps ("**ESPs**"), subsea trees and engineering support.

The project team will initially focus on the finalisation of the Environmental Statement and FDP for submission in March 2010; FDP approval by the authorities is anticipated in July 2010. The team will also undertake the final stage negotiation of contracts for a Floating Production Storage and Offtake ("**FPSO**") vessel, construction and provision of sub-sea facilities and drilling services.

The initial development consists of four production wells supported by one water injection well. To date the Company has drilled three successful wells on Athena, 14/18b-15A, 14/18b-16 and 14/18b-18 which are currently suspended, and will be re-entered and completed for production. These interventions and the drilling of a water injection well and one further production well will take place in Q4 2010/Q1 2011. Additional wells will be drilled from seabed locations close to existing wells to allow for ease of tie-back to a new subsea manifold.

Production will be routed via the subsea manifold and a two kilometre, 8 inch flowline to a stand-alone FPSO. Oil production will be exported via shuttle tankers. Produced gas will be used to generate power on the FPSO. Other services will include additional electrical power generation, chemical injection, water treatment and injection, and system monitoring and controls.

It is anticipated that all offshore installation works, including FPSO on location, will be complete by the end of Q2 2011.

First production is being targeted for Q2 2011 with estimated initial gross production rates of 22,000 barrels of oil per day ("bopd") (4,950 bopd net to Ithaca).

The latest reserves report issued by Sproule International Limited for year ended December 31 2009, ascribed Proved and Probable reserves in Athena of 24.40 million barrels ("mmbbls") of oil gross (5.49 mmbbls net to Ithaca).

The Company's petroleum and natural gas reserves (the "**reserves**") were independently evaluated by Sproule (www.sproule.com) in accordance with the Canadian Oil and Gas

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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.

The Athena Joint Venture Partners are Ithaca (operator, 22.5%), Dyas UK Ltd (47.5%), EWE Aktiengesellschaft (20%) and Zeus Petroleum (10%).

John Woods, Chief Developments Officer, said “The Athena Joint Venture Partners have seized a window of opportunity to develop Athena, which has been enabled by the recovery in oil price since Q3 2008. Ithaca as operator of the Athena Development has been working closely with the engineering services sector to negotiate competitive rates that now secure a robust project which is expected to come into production within the next two years.”

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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,” “anticipate,” “plans,” “may,” “will,” “should,” “scheduled”, “targeted”, “estimated” and similar expressions, and the negatives thereof, whether used in connection with development and future production rates or otherwise, 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.

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The term "boe" may be misleading, particularly if used in isolation. A boe conversion of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Neither TSX Venture nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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