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Ithaca Energy Inc.

Ithaca HP/HT Farm Out to Maersk Oil in Greater Stella Area

LONDON, U.K. – CALGARY, ALBERTA, February 16, 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 that Maersk Oil North Sea UK Limited (“**Maersk Oil**”) has notified Ithaca on February 12 that it exercises its option to Farm In to the High Pressure/High Temperature (“**HP/HT**”) play in both the Company’s blocks 29/4b and 29/5e which lie in the Greater Stella Area (“**GSA**”). This transaction offers the potential to drill two deep exploration wells (one on each block) in which Ithaca shall be carried for all costs up to the end of the first well on each block.

The Farmout Agreement (“**FOA**”) that is to be finalised for both blocks shall be subject to normal due diligence and approvals. The FOA will be executed within 60 days from date of notification of the option being exercised. The outline terms of the FOA are agreed as follows:

- Maersk Oil shall be granted a 95% equity interest in the deep horizons below the Base Chalk horizon in each of the exploration blocks drilled. In return and subject to drilling, Ithaca shall be carried for 100% of all costs in respect of its 5% residual interest up to the end of the first well drilled on each block to explore the HP/HT play in each of the blocks 29/4b and 29/5e (at Maersk Oil’s option).
- The Farmout transaction strictly applies to the deep section, below the Base Chalk horizon. Ithaca retains 100% equity interest in the shallow section, above the Base Chalk horizon in blocks 29/4b and 29/5e.

Maersk Oil, as operator, has previous experience in HP/HT drilling in this area of the Central North Sea. This Farmout transaction will enable Maersk Oil to fully employ its HP/HT technical capability in blocks 29/4b and 29/5e.

Ithaca will continue to be responsible for the obligations of the license, which includes the obtaining and reprocessing of 3D seismic data, up to the point of Maersk Oil committing to drilling and earning an interest in either block.

Nick Muir, Chief Exploration Officer, said: “I am delighted with this opportunity for Ithaca to work alongside Maersk Oil to unlock the HP/HT potential in this area. We believe that Maersk Oil’s extensive knowledge and technical expertise in exploration of the HP/HT play will enable Ithaca to further consolidate its position in the GSA”.

Notes

The HP/HT play in neighbouring blocks immediately to the north is renowned for the discovery of rich gas-condensate producing fields such as Elgin/Franklin and Shearwater, operated by Total and Shell respectively. The valuable commodity combination of light oil (45° API and above) and wet gas could be abundant at greater depth within the GSA. The HP/HT play is targeted to lie stratigraphically below the current discoveries that Ithaca is

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preparing for development, namely Stella, Hurricane and Harrier. The deep horizons potentially provide significant upside in the GSA and several leads have already been identified in this new core area for the Company.

Enquiries:**Ithaca Energy:**

Iain McKendrick, CEO

imckendrick@ithacaenergy.com

+44 (0) 1224 650 261

Nick Muir, CXO

nmuir@ithacaenergy.com

+44 (0) 1224 650 267

Pelham Bell Pottinger:

Philip Dennis

pdennis@pelhambellpottinger.co.uk

+44 (0) 207 337 1516

Elena Dobson

edobson@pelhambellpottinger.co.uk

+44 (0) 207 337 1517

Cenkos Securities plc:

Jon Fitzpatrick

jfitzpatrick@cenkos.com

+44 (0) 207 397 8900

Ken Fleming

kfleming@cenkos.com

+44 (0) 131 220 6939

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.

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.

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