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Ithaca Energy Inc.

Letter of Intent for Athena FPSO

LONDON, U.K. – CALGARY, ALBERTA, March 15, 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 further to its February 8, 2010 announcement, Ithaca has signed a Letter of Intent (“LOI”) with BW Offshore for the use of the Floating Production, Storage and Offloading vessel ‘BW Carmen’ (“FPSO”) for the production of oil from the Athena Field.

As a step towards the fully termed contract being signed during Q2 2010, specific engineering studies to develop the safety case and define the vessel upgrade will be carried out by BW Offshore. It has been agreed that the contract will contain an initial fixed charter period of 3 years with an option to extend throughout the life of the field. Under the agreed schedule, the FPSO will be deployed to the Athena field in mid 2011, as previously planned. Initial gross production rates are expected to be 22,000 barrels of oil per day (“bopd”) (4,950 bopd net to Ithaca).

BW Offshore is one of the world’s leading FPSO contractors and a market leader within advanced offshore loading and production systems to the oil and gas industry. BW Offshore has 25 years’ experience and has successfully delivered 14 FPSO projects as well as 50 turrets and offshore terminals.

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) commented: “This agreement represents another major step forward for the Athena Project. BW Offshore has shown an outstanding ability to adapt and innovate to meet the project requirements. Negotiations on the major contracts for subsea facilities and drilling services are progressing and we anticipate reaching agreement in the near future. “

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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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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," "anticipate," "plans," "may," "will," "should," "scheduled", "targeted", "estimated" and similar expressions, and the negatives thereof, whether used in connection with the completion of formal documentation with respect to the FPSO 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.

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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