



NEWS RELEASE

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Ithaca Energy Inc.

Successful Sidetrack at Stella

London, UK - Calgary, Canada, May 5, 2010 – Ithaca Energy Inc. (TSX Venture: **IAE**, LSE AIM: **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 a sidetrack well (30/6a-8Z) in the Stella field has confirmed a fully hydrocarbon-saturated reservoir interval in the Andrew sandstone. Successful sampling and pressure tests have also provided essential fluid composition information to appropriately size and plan the development of the Stella field.

Well 30/6a-8Z was drilled as a geological sidetrack to further appraise the Stella field, in particular to determine the nature of the hydrocarbons at an intermediate depth in the reservoir up-structure from the initial vertical well (30/6a-8). Data acquired during the operation now permit accurate interpolations to be undertaken that define the compositional changes from gas and condensate to oil with increasing depth. No further drill stem testing was required that would enhance existing data already provided by appraisal wells drilled on the crest of the structure. All objectives have been fully met by the drilling programme and the Company can now integrate this latest information into engineering studies and define the most appropriate development strategy.

The well intersected an 18 foot (true vertical thickness) section of Paleocene Andrew sandstone reservoir, a similar thickness to that seen in other wells on and near the Stella structure. A full suite of wireline logs have been acquired and indicate porosities up to 27% providing further confirmation of the lateral extent and quality of the reservoir interval. A full set of pressure data has been acquired to allow the Company to commence detailed analysis to determine the depth of the gas/oil contact in the Andrew reservoir, above the light oil encountered in the vertical well (30/6a-8). Data was also gathered over the Ekofisk chalk interval penetrated by the well.

Ithaca has commissioned Sproule Associates Limited to provide an updated reserves report that will reflect the results of this drilling programme. The report is expected before the end of Q2 2010, at which time a further announcement will be made.

The Stella appraisal programme is complete and it is predicted that the rig will be demobilized after 89 days on location (compared to a pre-drill estimate of 79 days). The final cost of the programme is anticipated to be within budget.

Current Joint Venture Partners in block 30/6a (Stella and Harrier) are Ithaca (68.33%), Dyas UK Ltd (31.67%). Post completion of the farm out to Challenger Minerals (North Sea) Limited (“CMI”) interests will be Ithaca (50.33%), Dyas UK Ltd (31.67%), CMI (18.00%).

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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 estimated production levels, anticipated time of first oil, oil in place, hydrocarbon composition 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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