



NEWS RELEASE

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**Ithaca Energy Inc.**

**First Quarter 2010 Financial Results**

**Net profit for the quarter \$5.4 million**  
**Cash flow from operations \$19.6 million**

**SUMMARY OF KEY EVENTS**

*Financial*

- Net profit for the quarter of **\$5.4 million** (2009 full year profits of \$7.9 million)
- Weighted average realised price for Q1 of **\$79.95/barrel** before hedging. This compares to a weighted average realised price of \$47.27/barrel before hedging for first quarter 2009
- Positive cash flow from operations of **\$19.6 million**
- Debt-free and net current assets as at 31st March of **\$62.3 million**
- Restricted cash at the quarter end was reduced by \$5.2 million to **\$0.3 million**
- Total fixed assets increased \$3.6 million to **\$209.1 million** (\$205.5 million as at December 31, 2009), comprising \$14.6 million of capital expenditure offset by \$11.0 million of depletion and depreciation for the quarter

*Operational*

- Combined Q1 production from Jacky and Beatrice averaged 8,776 barrels of oil per day ("bopd") gross (4,193 bopd net to Ithaca) as measured at the Nigg storage facility. Peak production rates from Jacky have exceeded 11,750 bopd gross (5,581 bopd net to Ithaca) as metered at the platform
- Production potential from the Beatrice Bravo facility was increased by approximately 1,500 barrels of oil per day ("bopd") (750 bopd net to Ithaca), as a result of a well intervention program. This was significantly above Management's target of 500 bopd (250 bopd net to Ithaca)
- The Joint Venture Partners have committed to moving ahead with the Athena project with the purchase of long lead equipment and commissioning of a full project team to plan, development and finalise submission of the Environmental Statement and Field Development Plan for approval
- A letter of Intent has been signed with BW Offshore for the use of the Floating Production, Storage and Offloading ("FPSO") vessel 'BW Carmen' (to be renamed 'BW Athena') for the production of oil from the Athena Field

**HIGHLIGHTS SUBSEQUENT TO QUARTER END:**

- The Stella field appraisal well (30/6a-8) proved the presence of significant additional volumes of hydrocarbon and excellent quality reservoir. A successful Drill Stem Test was performed providing critical information for development planning to now commence. The total measured hydrocarbon column height was shown to be in excess of 820 feet and the well confirmed hydrocarbons more than 500 feet lower than in any previous wells
- As planned, a sidetrack (30/6a-8Z) was subsequently drilled and 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. All objectives were fully met by the drilling programme. Following this, an independent evaluation of the Company's petroleum and natural gas reserves associated is currently underway by Sproule ([www.sproule.com](http://www.sproule.com))
- On April 22 2010, the Company mandated Bank of Scotland as Lead Arranger for a \$140 Million Senior Secured Borrowing Base Facility and subsequently has agreed a Term Sheet for the facilities
- Coiled tubing work has commenced on the Beatrice Alpha platform to undertake preparatory 'clean up' work on five production wells prior to mobilization of a Hydraulic Workover Unit ("HWU") to the platform in early July 2010. The HWU will undertake the replacement of Electric Submersible Pumps in four production wells and replace tubulars in one water injection well as part of the Beatrice Complex production enhancement programme
- The Company currently has unrestricted cash resources of \$41 million on deposit

**Iain McKendrick, CEO, commented,**

"The strong Q1 results and successful appraisal well at Stella provide further testament to the solid progress made by the Company in 2010. The development of the Stella area is now sharply in focus as a main growth area for Ithaca. Through carefully deploying its resources, the Company is now poised to deliver an ambitious plan with the comfort of a Senior Debt facility agreed and strong cash flow from Beatrice and Jacky."

Further details on the above are provided in the Consolidated Financial Statements and Management's Discussion and Analysis for the first quarter ended March 31, 2010, which have been filed with securities regulatory authorities in Canada. These documents are available on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com) and on the Company's website:

<http://www.ithacaenergy.com/uploads/IthacaPressRelease100525-full.pdf>

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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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