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**Ithaca Energy Inc.**

**Significant Reserves Increase following success of Stella Well**

**London, UK - Calgary, Canada, June 9th, 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 a further significant increase in reserves in the current year post the success of the recent Stella well.

The following table details the movement of Ithaca’s recoverable reserves from December 31 2009 to April 30 2010.

Category	Based on Sproule Dec 31 2009		Based on Sproule Apr 30 2010	
	Net Reserves Dec 31 2009 (mmboe)	Net Present Value Dec 31 2009 (US\$ MM) Before Tax discounted at 10%	Net Reserves Apr 30 2010 (mmboe)	Net Present Value Apr 30 2010 (US\$ MM) Before Tax discounted at 10%
Proved, 1P	<b>15.99</b>	<b>\$287.58</b>	<b>20.88</b>	<b>\$318.17</b>
Probable	21.20	\$480.77	21.08	\$514.30
Proved plus Probable, 2P	<b>37.19</b>	<b>\$768.35</b>	<b>41.96</b>	<b>\$832.47</b>
Possible	41.98	\$1001.68	35.00	\$847.58
Proved plus Probable plus Possible, 3P	<b>79.17</b>	<b>\$1770.03</b>	<b>76.96</b>	<b>\$1680.05</b>

\* All figures assume CMI transaction completes subject to partner and regulatory approval

Total Proved (“1P”) reserves have increased 30.6% from **15.99 million barrels of oil equivalent (“mmboe”)** to **20.88 mmboe** and total Proved plus Probable (“2P”) reserves have increased 12.8% from **37.19 mmboe** to **41.96 mmboe**. **The increase in reserves** is due to the updated evaluation of the Stella field based on the results of a successful appraisal well (30/6a-8) drilled in Q1 2010.

In the latest reserves report (as at April 30 2010) (“Reserves Report”) prepared by Sproule International Limited (“Sproule”), net **1P reserves** associated with the Stella field increased c. **118%** from 4.69 mmboe to **10.23 mmboe** and net **2P reserves** increased c. **61%**, from 8.94 mmboe to **14.37 mmboe**. Combined net 2P reserves for the Greater Stella Area, which also includes the satellite Harrier and Hurricane fields, now totals more than 30 mmboe.

The overall uplift in Stella reserves is attributed to the additional hydrocarbon column height, the nature of the fluids found within the structure and the larger area now defined by the

appraisal well. In detail, Sproule's report defines net 2P reserves in the Andrew reservoir of 3.32 million barrels of oil, 8.47 mmboe of gas and 2.58 mmboe of associated condensate. The oil column height is assessed as 222 feet with over 500 feet of overlying gas and condensate. These results mean that development of the Stella field will include the production of a significant quantity of light oil as well as condensate and gas.

The Stella field contains two reservoirs, the Andrew and the Ekofisk. The initial vertical Stella appraisal well and its sidetrack (30/6a-8Z) has provided delineation of hydrocarbons in place. Drill stem testing flowed light oil (39° API) and some water. Information acquired during drilling allows the Company to progress planning of the development of both the Stella field and the satellite fields, Harrier and Hurricane.

Proved plus Probable plus Possible ("3P") reserves for the Stella field have been reduced by 8% as the increased definition of fluid type and structural shape has narrowed the potential range of development outcomes.

Over the period, January 1st to April 30 2010, Sproule have estimated that 620,000 barrels of stock tank oil net to Ithaca were produced from Beatrice and Jacky fields to the Nigg storage facility and the Reserves Report reflects this reduction in reserves. No further evaluation of Ithaca's other assets was required post December 31, 2009 for the purposes of the Reserves Report other than a reflection in the Net Present Value calculations of the acceleration of Harrier and Hurricane, and the revised oil and gas price assumptions from Sproule.

**Iain McKendrick, CEO commented:**

"The successful appraisal of Stella, particularly the confirmation of a significant oil column, and the additional proved and probable recoverable reserves now provides the Company with the confidence to develop Stella and Harrier as a combined development, targeting first oil and gas in late 2012. The development will ensure available capacity for other opportunities to be tied in, such as Hurricane in which Ithaca currently holds 100% equity interest. A project team has been established which is concentrating on the optimisation of the development plan and is considering all export routes in the area".

"The very significant increase in net reserves and value attributable to Ithaca since November last year, as underlined by this report, is a testament to the ability of the Company's technical and operational team to successfully find and develop hydrocarbons in the UK sector of the North Sea"

Further detail on the Stella Field post well results and Reserves Report can be found at <http://ithacaenergy.com/Stella-Area.asp>

The Company's petroleum and natural gas reserves (the "**reserves**") were independently evaluated by Sproule ([www.sproule.com](http://www.sproule.com)) in accordance with the Canadian Oil and Gas Evaluation Handbook ("COGEH") reserves definitions and evaluation practices and procedures as specified by National Instrument 51-101 ("NI 51-101"). The evaluation uses Sproule's forecast prices and costs at April 30, 2010.

The Company has filed with the securities regulatory authorities in Canada, through the System for Electronic Document Analysis and Retrieval ("**SEDAR**"), its statement of reserves

data for the period ended April 30, 2010 (“**Statement of Reserves Data**”), which includes the disclosure and reports relating to reserves data and other oil and gas information. The Statement of Reserves Data is available for review at [www.sedar.com](http://www.sedar.com).

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In accordance with AIM Guidelines, Lawrie Payne, MA Marine Geology (Alberta & Columbia) and Non-Executive Chairman of Ithaca is the qualified person that has reviewed the technical information contained in this press release.

Possible reserves are those additional reserves that are less certain to be recovered than Probable reserves. There is an equal probability that the quantities actually recovered will be greater or less than the sum of Proved plus Probable reserves. There is a 10% probability that at least the sum of the estimated Proved reserves plus Probable reserves plus Possible reserves will be recovered.

The estimated Net Present Values do not represent fair market value.

The estimates of reserves and future net revenues for individual properties ( for example the Stella field estimates) may not reflect the same confidence level as estimates of reserves and future net revenue of all properties, due to the effects of aggregation.

BOE’s may be misleading, particularly if used in isolation. A BOE conversion rate of 6mcf: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.

*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

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