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Ithaca Energy Inc.

Second Quarter 2010 Production Update

London, UK - Calgary, Canada, July 6, 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 increasing production throughout Q2 2010 and that the Company remains on target to achieve forecast 2010 production levels.

Production in the second quarter averaged 10,217 barrels of oil per day (“**bopd**”) gross (4,914 bopd net to Ithaca) with a June average of 10,678 bopd (5124 bopd net to Ithaca). This represents a 17% improvement over first quarter production of 4,193 bopd net to Ithaca.

The Beatrice Complex average daily sales volumes for the period as measured at the Nigg storage facility are summarised as follows:

	Gross (bopd)	Net to Ithaca (bopd)
Average Q1 2010	10,217	4,914
April	10,334	4,990
May	9,659	4,637
June	10,678	5,124

The average realised price for production in April was \$73.66/bbl and in May was \$73.35/bbl (before any additional price uplift at the point of sale to a third party). Deliveries for June are currently being priced.

Production in the second quarter has increased compared to the first quarter as a result of the Beatrice Field coming strongly back on line after an outage during the first quarter as well as the Jacky field performing above expectation. Preparatory work for the workover programme (consisting of coiled tubing well clean up) on Beatrice Alpha has been successfully completed and, as a consequence, a small enhancement to existing daily production has been observed.

A Hydraulic Workover Unit (“HWU”) will be installed on the Beatrice Alpha platform for the main workover operation in mid July. The HWU will be utilized to replace downhole pumps on four production wells and replace tubing in one water injection well. In addition, certain well interventions will involve perforating across a previously untapped section of the Beatrice reservoir (“B Sands”) to access incremental reserves. A similar intervention was very successfully executed in the Bravo area of the field in Q1 2010. The combined impact of all well interventions is anticipated to increase gross production rates by 1550 bopd, 775 bopd net to Ithaca, for the remainder of 2010.

Partners in the Jacky field are Ithaca (47.5%), Dyas UK Ltd (42.5%) and North Sea Energy (UK) Ltd (10%).

Joint Venture Partners in the Beatrice Field, including Beatrice Bravo are Ithaca (50%) and Dyas UK Ltd (50%).

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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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