



## NEWS RELEASE

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### **ITHACA ENERGY INC. ANNOUNCES SUCCESS OF CONCURRENT PRIVATE PLACEMENT**

**London, UK - Calgary, Canada, July 9, 2010** – As previously announced, Ithaca Energy Inc. (“Ithaca” or “the Company”)(TSX Venture: IAE, LSE AIM: IAE) has engaged Cenkos Securities plc (“Cenkos”) and CIBC as placing agents and joint bookrunners to sell on a reasonable endeavours basis common shares of Ithaca to purchasers in the United Kingdom.

The Company is pleased to announce that Cenkos has now conditionally placed, with investors in the United Kingdom, 45,062,284 common shares of Ithaca (the “Placing Shares”) at a price of £1.07 per common share (approximately equivalent to C\$1.70 per common share) for aggregate gross proceeds of approximately £48.2 million (approximately equivalent to C\$77 million) (the “Placing”). The Placing is not underwritten.

As also previously announced, the Company has entered into an agreement with a syndicate of underwriters led by CIBC (collectively, the “Underwriters”) pursuant to which the Underwriters have agreed to purchase, on a “bought deal” basis, 47.6 million common shares (the “Bought Deal Shares”) of Ithaca at a price of C\$1.70 per common share for aggregate gross proceeds of C\$81 million (the “Bought Deal”).

The combination of the proceeds from the Placing and the Bought Deal (in total, approximately US\$150 million (gross)), together with debt made available from the recently announced Bank of Scotland facility and anticipated cash flows, means that all of the Company’s projects are anticipated to be fully funded through to first production.

Application will be made for the admission of the Placing Shares to trading on AIM. Closing of the Placing is expected to occur on July 28, 2010. Closing of the Placing is conditional, amongst other things, upon conditional listing of the Placing Shares and the Bought Deal Shares on the TSX Venture Exchange and admission to trading on AIM as well as favourable market conditions. The Placing and the Bought Deal are inter-conditional upon one another.

#### **ENQUIRIES:**

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**Reader Advisory**

*This news release contains certain forward-looking statements, which include assumptions with respect to (i) completion of the Bought Deal; (ii) completion of the Private Placing; (iii) use of proceeds; and (iv) future operations and adequacy of funding therefore. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect. All such forward-looking statements involve substantial known and unknown risks and uncertainties, certain of which are beyond Ithaca's control. Such risks and uncertainties include, without limitation, risks associated with oil and natural gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources, the impact of general economic conditions in the UK, Canada, the United States and globally, industry conditions, changes in laws and regulations (including the adoption of new environmental laws and regulations) and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. Ithaca's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits, including the amount of proceeds, Ithaca will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive. All subsequent forward-looking statements, whether written or oral, attributable to Ithaca or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this news release are made as at the date of this news release and Ithaca does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.*

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this news release.

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