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**Ithaca Energy Inc.**

**Galaxy II Mobilises to Drill Stella Appraisal Well**

**LONDON, U.K. – CALGARY, ALBERTA, February 11, 2010** – Ithaca Energy Inc. (LSE-AIM: **IAE**, TSX-V: **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, announces today that the Galaxy II heavy duty jack-up rig, contracted by Ithaca to drill an appraisal well on the Stella field, has now come on hire and been mobilised to the spud location and will commence drilling this month.

In November 2009, Ithaca Energy became operator of the rich gas-condensate, Stella field and two additional discoveries, namely Hurricane and Harrier. The Company has since contracted the Galaxy II drilling unit, owned by Transocean, and the services of ADTI to manage appraisal well operations under ‘turnkey’ contract arrangements. The well programme, which is scheduled to take around 79 days to complete, has been designed to satisfy three primary objectives that will influence development. The primary objectives are as follows:

- i) Confirm Ithaca’s assessment of the in-place volume of hydrocarbons
- ii) Understand changes in composition of hydrocarbon fluids with depth
- iii) Verify the distribution and quality of the reservoir

The drilling schedule includes drill stem testing and a contingent sidetrack to ensure that the well objectives are fully satisfied and field upside is appraised prior to development. A further update will be provided when the initial bore has been completed and prior to commencement of any sidetrack.

The appraisal well is planned to reach total depth in the Cretaceous chalk layers which lie below the principal Stella (Andrew) reservoir target. An earlier well (30/6-3Z) encountered hydrocarbons in the Ekofisk chalk reservoir and tested further rich gas-condensate reserves which could be developed at the same time as the main pool.

Timely development of Stella will allow the Company to consider the potential development of the neighbouring Harrier and Hurricane discoveries as additional tiebacks to Stella in this prolific gas-condensate area.

As reported in October 2009, Challenger Minerals Inc. (“CMI”) will pay 27% of gross Stella appraisal well costs in exchange for an 18% equity interest in the Stella and Harrier discoveries, thereby carrying a part of Ithaca’s share of drilling costs and leaving Ithaca with a 50.33% interest. Upon successful appraisal, CMI will also disproportionately fund a further Stella or Harrier development well.

The latest reserves report issued by Sproule International Limited for year ended December 31 2009, ascribed Proved and Probable reserves to Stella (both Andrew and Ekofisk reservoirs) of 8.94 million barrels of oil equivalent net to Ithaca after consideration of the CMI farmout.

## NEWS RELEASE

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 which abide by the standards set by the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM"), as specified by National Instrument 51-101 ("NI 51-101"). The evaluation uses Sproule's forecast prices and costs at December 31, 2009.

Current Joint Venture Partners in block 30/6 (Stella and Harrier) are Ithaca (68.33%), Dyas UK Ltd (31.67%) but post completion of the farm out to CMI 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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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 development and future production rates 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.

**NEWS RELEASE**

The term "boe" may be misleading, particularly if used in isolation. A boe conversion of 6 Mcf: 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.

Neither TSX Venture nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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