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1 March 2013

**RECOMMENDED ACQUISITION OF
VALIANT PETROLEUM PLC
BY
ITHACA ENERGY HOLDINGS (UK) LIMITED
(A WHOLLY-OWNED SUBSIDIARY OF ITHACA ENERGY INC.)**

(TO BE EFFECTED BY MEANS OF A SCHEME OF ARRANGEMENT UNDER PART 26 OF THE COMPANIES ACT 2006)

- The Boards of Ithaca Energy Inc. (“**Ithaca**”) and of Valiant Petroleum plc (“**Valiant**”) are pleased to announce that they have reached agreement on the terms of a recommended acquisition under which Ithaca Energy Holdings (UK) Limited (“**Ithaca Bidco**”) will acquire the entire issued and to be issued share capital of Valiant (the “**Acquisition**”). The Acquisition is to be effected by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act.
- Under the terms of the Acquisition, Valiant Shareholders will be entitled to receive 307 pence in cash and 1.33 Ithaca Consideration Shares for each Valiant Share held at the Scheme Record Time.
- Based on the Closing Price of an Ithaca Share of C\$1.97 (126 pence) on 28 February 2013, the Acquisition values the entire issued and to be issued share capital of Valiant at approximately £203 million (equivalent to approximately US\$309 million and C\$318 million) and each Valiant Share at approximately 475 pence.
- The consideration payable under the Acquisition represents a premium of approximately:
 - ~ 37% to the Closing Price of 346.5 pence per Valiant Share on 28 February 2013, the last Business Day prior to the date of this announcement;
 - ~ 31% to the average Closing Price of 361.1 pence per Valiant Share for the 20 Business Days ended on 28 February 2013, the last Business Day prior to the date of this announcement; and
 - ~ 3% to the Closing Price of 460.0 pence per Valiant Share on 5 September 2012, the last Business Day prior to the announcement by Valiant of the commencement of a ‘formal sale process’ as defined in the Code.
- The Valiant Board, which has been so advised by Morgan Stanley & Co. Limited (“**Morgan Stanley**”, as the independent financial adviser for the purposes of Rule 3 of the Code), considers the terms of the Acquisition to be fair and reasonable. In providing its advice to the Valiant Board, Morgan Stanley has taken into account the commercial assessments of the Valiant Board.
- Accordingly, the Valiant Board intends to recommend that Valiant Shareholders vote in favour of the resolutions to be proposed at the Court Meeting and the General Meeting which are to be convened to

approve the Acquisition. The Valiant Directors have irrevocably undertaken to approve the Acquisition in respect of their own beneficial holdings in Valiant, which amount in aggregate to 433,695 Valiant Shares, representing approximately 1.06% of the entire issued share capital of Valiant (as described in Appendix III). These irrevocable undertakings do not lapse in the event of a higher competing offer being made for Valiant. As previously announced by Valiant on 15 November 2012, Peter Buchanan has ceased to participate in meetings of the Valiant Board relating to the Strategic Review and formal sale process initiated on 6 September 2012, including relating to the Acquisition and has not given an irrevocable undertaking.

- In aggregate, Ithaca Bidco has received irrevocable undertakings and non-binding letters of intent to vote in favour of the Scheme and the resolutions at the Court Meeting and the General Meeting in respect of 16,930,479 Valiant Shares, representing approximately 41.35% of Valiant's issued share capital. Further details of these irrevocable undertakings and letters of intent are set out at paragraph 7 and Appendix III to this announcement.
- In addition, although no shareholder approval of Ithaca or Ithaca Bidco is required in connection with the Acquisition, Ithaca Bidco has received non-binding letters from the following Ithaca shareholders (or investment managers), confirming their support for Ithaca and Ithaca Bidco making the Acquisition in line with Ithaca's stated strategy: Artemis Investment Management LLP; Four Capital Partners Limited; HSBC Global Asset Management; JP Morgan Asset Management (UK) Limited; Salida Capital; and SLZ Capital Management, LLC.
- Ithaca, through its wholly-owned subsidiary, Ithaca Energy (UK) Limited, is an oil and gas operator focused on production, appraisal and development activities in the North Sea. Ithaca's strategy is to grow shareholder value by building a highly cash-generative North Sea oil and gas Business. Execution of the strategy is centred on: maximising cash flow and production from existing assets; delivering material growth by appraising and developing existing hydrocarbon discoveries; and continuing to increase and diversify Ithaca's portfolio and cash flows via acquisitions. The Ithaca Shares are listed on the Toronto Stock Exchange and admitted to trading on AIM, a market operated by the London Stock Exchange. Ithaca Bidco is a wholly-owned subsidiary of Ithaca incorporated under the laws of Scotland for the purpose of making the Acquisition. Ithaca Bidco has not traded since incorporation, nor has it entered into any obligations, other than in connection with the Acquisition and the financing of the Acquisition.
- Valiant has a balanced portfolio of production, development and exploration assets with a primary focus on the UK and Norway. Formed in 2004, Valiant has developed a stable production foundation providing it with sustained cash flows which fund on-going investment. Valiant has built a broad and attractive portfolio in stable geographies where it has deep knowledge of the geology and regulatory environment.
- The announcement of this recommended Acquisition follows the announcement by Valiant on 6 September 2012 that it had decided to launch a 'Strategic Review' in the context of a 'formal sale process' as defined in the Code, which process has now been successfully concluded with the announcement of this recommended Acquisition. The end of the formal sale process means that the data room which has been open to participants will be closed with effect from 7.00 a.m. on 1 March 2013. Other potential offerors can still nonetheless announce competing offers for Valiant.
- The Acquisition is anticipated to result in:
 - ~ the establishment of Ithaca as a leading mid cap North Sea oil and gas operator, with 2P reserves of approximately 74MMboe(1), of which approximately 50% relates to currently producing assets;
 - ~ a more than doubling of Ithaca's current forecast 2013 production to 14-16kboe/d (90% oil), rising to approximately 27kboe/d in 2015; and

~ approximately a four fold increase in Ithaca's anticipated 2013 cash flow from operations to US\$400 million, rising to over US\$700 million in 2015.

- Ithaca is pleased to confirm that, on completion of the Acquisition, two existing Valiant Directors, Mr Jannik Lindbæk and Mr Michael Bonte-Friedheim, will be appointed to the Board of Ithaca as Non-Executive Directors. Both Mr Lindbæk and Mr Bonte-Friedheim have considerable oil and gas industry experience, both in the North Sea and internationally, and will be central to ensuring a seamless and efficient integration of Valiant's assets into Ithaca's existing operations. Mr Lindbæk was previously Chairman of the Norwegian international oil and gas company Statoil ASA, prior to its merger with Norsk Hydro in 2007. Mr Bonte-Friedheim, an investment banker by background, was previously Non-Executive Chairman and subsequently CEO of Mediterranean Oil and Gas plc, a UK AIM-traded company, and is currently co-CEO of NextEnergy Capital, a merchant bank focused on the renewable energy sector, as well as acting CEO of Valiant.
- The Ithaca Consideration Shares to be issued pursuant to the Acquisition are expected to represent approximately 18% of the issued share capital of Ithaca as enlarged by the Acquisition.
- The Ithaca Consideration Shares will rank equally in all respects with the existing Ithaca Shares and will be entitled to all dividends and/or other distributions declared or paid by Ithaca in respect of common shares of Ithaca by reference to a record date falling after the Effective Date.
- The cash consideration payable under the terms of the Acquisition will be funded from a bridge credit facility provided to Ithaca Bidco by Banc of America Securities Limited, BNP Paribas and The Bank of Nova Scotia, together with Ithaca's existing cash resources.
- The Panel has consented to Valiant entering into a break fee arrangement with Ithaca Bidco as a participant in Valiant's announced formal sale process under Note 2 of Rule 21.2 of the Code. As such, Valiant has agreed to pay Ithaca Bidco a break fee of £2,034,944 (subject to adjustment for VAT) if a Competing Offer is announced prior to the Acquisition lapsing or being withdrawn and such Competing Offer becomes or is declared unconditional in all respects or otherwise becomes effective.
- The Acquisition is conditional on, among other things, certain regulatory approvals and the sanction of the Scheme by the Court. The Acquisition is also conditional upon a Brent Failure Event not having occurred. In addition, in order to become Effective, the Scheme must be approved by a majority in number of Scheme Shareholders voting at the Court Meeting representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting in person or by proxy. It is currently expected that the Scheme Document, containing further information about the Acquisition and notices of the Court Meeting and the General Meeting, together with the Forms of Proxy, will be posted on or around 12 March 2013 and that, subject to the satisfaction, or where relevant, waiver of all relevant Conditions (including regulatory clearances), the Scheme is expected to become Effective on or around 19 April 2013.

Commenting on the Acquisition, Jack Lee, Non-Executive Chairman of Ithaca said:

"This proposed acquisition represents a significant step forward in the execution of Ithaca's strategy to build a highly profitable 25kboe/d North Sea oil and gas company. The combined assets of the two groups have a strong strategic fit, with the acquisition materially increasing and broadening Ithaca's producing asset base and reserves portfolio.

The highly cash generative nature of the enlarged portfolio and further enhancement of Ithaca's existing financial strength provides an exciting springboard from which to continue driving forward the Business and accelerating value from Ithaca's production and development-led growth strategy.

I am also delighted to announce that as part of the acquisition, Ithaca will be further strengthening its Board of Directors with the addition of two of Valiant's existing Non-Executive Directors, Mr Jannik Lindbæk and Mr Michael Bonte-Friedheim. Jannik and Michael are two extremely experienced oil and gas industry executives, who bring both a wealth of North Sea knowledge and will be central to ensuring a seamless and efficient integration."

Commenting on the Acquisition, Kevin Lyon, Non-Executive Chairman of Valiant said:

"We are pleased to announce Ithaca's recommended offer to our shareholders. The Board feels the offer recognises the value in Valiant's portfolio and provides our shareholders with the opportunity to both realise a proportion of this value in cash today whilst retaining exposure to the enlarged portfolio. The combination with Ithaca will create a leading North Sea oil and gas operator with a diverse production and reserves asset base from which to pursue new and exciting growth opportunities.

On behalf of the Board, I would like to take this opportunity to thank our employees, staff and partners whose hard work and dedication have helped build Valiant over the past nine years into a full-cycle E&P company with a portfolio of licences across four countries."

This summary should be read in conjunction with the full text of this announcement. Appendix I to this announcement contains the conditions to, and certain further terms of, the Acquisition. Appendix II to this announcement contains further details of the sources of information and bases of calculations set out in this announcement. Appendix III contains a summary of the irrevocable undertakings and letters of intent given by the Valiant Directors and by certain institutional shareholders. Appendix IV contains definitions of certain expressions used in this summary and in this announcement.

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The Acquisition will be made on the terms and subject to the conditions and further terms set out herein and in Appendix I to this announcement and the further terms and conditions to be set out in the Scheme Document and Forms of Proxy when issued. The bases and sources of certain financial information contained in this announcement are set out in Appendix II to this announcement. A summary of the irrevocable undertakings given by the Valiant Directors and the irrevocable undertakings and letters of intent given by certain other Valiant Shareholders is contained in Appendix III to this announcement. Certain terms used in this announcement are defined in Appendix IV to this announcement.

This announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise, nor shall there be any sale, issuance or transfer of securities of Valiant or Ithaca in any jurisdiction in contravention of applicable law. This announcement does not constitute a prospectus or a prospectus equivalent document.

Any vote by Valiant Shareholders in respect of the Acquisition should only be made on the basis of the information contained in the Scheme Document, which will contain the full terms and conditions of the Acquisition (including details of how to vote in favour of the Scheme). Valiant Shareholders are advised to read the formal documentation in relation to the Acquisition which will be distributed to Valiant Shareholders in due course (with the exception of certain Valiant Shareholders in Restricted Jurisdictions), as it will contain important information relating to the Acquisition.

Please be aware that addresses, electronic addresses and certain other information provided by Valiant Shareholders, persons with information rights and other relevant persons in connection with the receipt of communications from Valiant may be provided to Ithaca during the offer period as required under Section 4 of Appendix 4 to the Code.

Cenkos, which is authorised and regulated in the United Kingdom by the FSA, is acting for Ithaca and Ithaca Bidco and no-one else in connection with the Acquisition and will not be responsible to anyone other than Ithaca and Ithaca Bidco for providing the protections afforded to clients of Cenkos nor for providing advice in relation to the Acquisition. Neither Cenkos nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Cenkos in connection with this announcement, any statement contained herein or otherwise. In addition, in accordance with, and to the extent permitted by, the Code, normal UK market practice and Section 14(e) of, and Regulation 14E under, the US Securities Exchange Act of 1934, as amended (the "Exchange Act") subject to the exemptions provided by Rule 14d-1 under the Exchange Act, Cenkos will continue to act as exempt principal traders in Valiant Shares and Ithaca Shares on

the London Stock Exchange and engage in certain other purchasing activities consistent with their respective normal and usual practice and applicable law.

Scotia Capital Inc is acting for Ithaca and Ithaca Bidco and no-one else in connection with the Acquisition and will not be responsible to anyone other than Ithaca and Ithaca Bidco for providing the protections afforded to clients of Scotia Capital Inc nor for providing advice in relation to the Acquisition. Neither Scotia Capital Inc nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Scotia Capital Inc in connection with this announcement, any statement contained herein or otherwise.

Morgan Stanley, which is authorised and regulated in the United Kingdom by the FSA, is acting for Valiant and no-one else in connection with the Acquisition and will not be responsible to anyone other than Valiant for providing the protections afforded to clients of Morgan Stanley or for providing advice in relation to the Acquisition. Neither Morgan Stanley nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Morgan Stanley in connection with this announcement, any statement contained herein or otherwise.

Oriel, which is authorised and regulated in the United Kingdom by the FSA, is acting for Valiant and no-one else in connection with the Acquisition and will not be responsible to anyone other than Valiant for providing the protections afforded to clients of Oriel nor for providing advice in relation to the Acquisition. Neither Oriel nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Oriel in connection with this announcement, any statement contained herein or otherwise.

Jefferies Hoare Govett, a division of Jefferies International Limited, which is authorised and regulated in the United Kingdom by the FSA, is acting for Valiant and no-one else in connection with the Acquisition and will not be responsible to anyone other than Valiant for providing the protections afforded to clients of Jefferies Hoare Govett or for providing advice in relation to the Acquisition. Neither Jefferies Hoare Govett nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Jefferies Hoare Govett in connection with this announcement, any statement contained herein or otherwise.

Overseas jurisdictions

The availability of the Ithaca Consideration Shares in, and the release, publication or distribution of this announcement in or into, jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this announcement comes who are not resident in the United Kingdom should inform themselves about, and observe, any applicable restrictions. Valiant Shareholders who are in any doubt regarding such matters should consult an appropriate independent adviser in the relevant jurisdiction without delay. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

This announcement has been prepared for the purposes of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

The Acquisition relates to the shares of an English company (a “foreign private issuer” as defined under Rule 3b-4 under the Exchange Act) and is proposed to be made by means of a scheme of arrangement provided for under, and governed by, English law. Neither the proxy solicitation rules nor the tender offer rules under

the Exchange Act will apply to the Scheme. Accordingly, the Ithaca Consideration Shares to be issued pursuant to the Scheme have not been and will not be registered under the US Securities Act of 1933 (as amended) (the “Securities Act”) or under the relevant securities laws of any state or territory or other jurisdiction of the United States, but are expected to be offered in the United States in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) thereof and exemptions provided under the laws of each state of the United States in which eligible Valiant Shareholders may reside.

The Scheme will be subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement, which differ from the disclosure requirements of the US and Canadian proxy solicitation rules and tender offer rules. However, if Ithaca Bidco were to elect (in accordance with the condition in paragraph (a) of Part B of Appendix I) to implement the Acquisition by means of a Takeover Offer, such offer will be made in compliance with the US and Canadian tender offer rules, to the extent applicable, or an exemption therefrom.

Financial information included in this announcement and the Scheme Document has been or will be prepared in accordance with accounting standards applicable in the UK and may not be comparable to financial information of US and Canadian companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States and Canada.

None of the securities referred to in this document have been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have such authorities passed upon or determined the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States. This document does not constitute an offer to sell, or the solicitation of any offer to buy, any Ithaca Consideration Shares in any jurisdiction in which such an offer or solicitation would be unlawful.

Valiant is incorporated under the laws of England and Wales, Ithaca Bidco is organised under the laws of Scotland, and Ithaca is organised under the laws of Alberta, Canada. Some or all of the officers and directors of Valiant, Ithaca Bidco and Ithaca may be residents of countries other than the United States. It may not be possible to sue Valiant, Ithaca Bidco and Ithaca in a non-US court for violations of US securities laws. It may be difficult to compel Valiant, Ithaca Bidco, Ithaca and their respective affiliates to subject themselves to the jurisdiction and judgment of a US court.

In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the Exchange Act, Ithaca Bidco or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase Valiant Shares outside of the United States, other than pursuant to the Acquisition, until the Effective Date, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to the Regulatory Information Service of the London Stock Exchange and will be available on the London Stock Exchange website at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>. This information will also be publicly disclosed in the United States to the extent that such information is made public in the United Kingdom.

The Ithaca Consideration Shares to be issued pursuant to the Scheme have not been and will not be registered under the relevant securities laws of Japan and the relevant clearances have not been, and will not be, obtained from the securities commission or similar regulatory authority of any province or territory of Canada or Australia. Accordingly, the Ithaca Consideration Shares are not being, and may not be, offered, sold, resold, delivered or distributed, directly or indirectly in or into the Canada, Australia or Japan or any other jurisdiction if to do so would constitute a violation of relevant laws of, or require registration thereof in, such jurisdiction (except pursuant to an exemption, if available, from any applicable registration or

prospectus requirements or otherwise in compliance with all applicable laws). No prospectus in relation to the Ithaca Consideration Shares has been, or will be, lodged or filed with, or registered by, the securities commission or similar regulatory authority of any province or territory of Canada or the Australian Securities and Investments Commission.

The Ithaca Consideration Shares to be issued pursuant to the Scheme will be issued in reliance upon exemptions from the prospectus requirements of securities legislation in each province and territory of Canada. Subject to certain disclosure and regulatory requirements and to customary restrictions applicable to distributions of shares that constitute "control distributions", Ithaca Consideration Shares may be resold in each province and territory in Canada, subject in certain circumstances, to the usual conditions that no unusual effort has been made to prepare the market or to create demand, no extraordinary commission or consideration is paid and, if the selling shareholder is an insider or officer of Ithaca, such shareholder has no reasonable grounds to believe that Ithaca is in default of securities legislation.

Forward-looking statements

Forward-looking statements include statements regarding the intent, belief and current expectations of Ithaca, Ithaca Bidco and Valiant or their directors or officers with respect to various matters. When used in this announcement, the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "plan", "should", "believe", "could", "target" and similar expressions, and the negatives thereof, whether used in connection with operational activities, production forecasts, budgetary figures contained in this announcement or otherwise, are intended to identify forward-looking statements.

This announcement contains certain forward-looking statements which are based on internal expectations, estimates, projections and beliefs, including assumptions regarding Ithaca Bidco's and Valiant's plans, objectives and expected performance. Such statements relate to events and depend on circumstances that will occur in the future and are subject to risks, uncertainties and assumptions. There are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements including, among others, the enactment of legislation or regulation that may impose costs or restrict activities; the re-negotiation of contracts or licences; fluctuations in demand and pricing in the oil and gas industry; fluctuations in exchange controls; changes in government policy and taxation; industrial disputes; war and terrorism. These forward-looking statements speak only as at the date of this announcement.

In the view of Ithaca's, Ithaca Bidco's and Valiant's management, this information was prepared by management on a reasonable basis, reflects the best currently available estimates and judgements, and presents, to the best of management's knowledge and belief, the expected course of action and the expected future performance of Ithaca, Ithaca Bidco and Valiant. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and recipients of this announcement are cautioned not to place undue reliance on this information. Ithaca, Ithaca Bidco and Valiant do not undertake any obligation to publicly update or revise any forward-looking statement or information, except as required by applicable laws.

Statements relating to reserves are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future. Many of these risk factors, other specific risks, uncertainties and material assumptions are discussed in further detail throughout Ithaca's annual information form and management's discussion and analysis for the year ended 31 December 2011. Readers are specifically referred to the risk factors described in the annual information form under "Risk Factors" and in other documents Ithaca files from time to time with securities regulatory authorities. Copies of these documents are available without charge from Ithaca or electronically on the internet on Ithaca's SEDAR profile at www.sedar.com.

No statement in this announcement is intended as a profit forecast or profit estimate and no statement in this announcement should be interpreted to mean that the future earnings per share of the Ithaca Group as enlarged by the Acquisition, Ithaca and/or Valiant for current or future financial years will necessarily match or exceed the historical or published earnings per share of Ithaca or Valiant.

BOE Presentation

References herein to “boe” mean barrels of oil equivalent derived by converting gas to oil in the ratio of six thousand cubic feet (Mcf) of gas to one barrel (bbl) of oil. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Note regarding oil and gas disclosure ⁽¹⁾

With respect to Ithaca’s reserves, the figures are derived from a report prepared by Sproule International Limited (“**Sproule**”), an independent qualified reserves evaluator, evaluating the reserves of Ithaca as of 31 December 2011 and forming the basis for the Statement of Reserves Data and Other Oil and Gas Information of Ithaca dated 28 March 2012 (the “**Statement**”). The reserves for the South West Heather Field included in the Statement are those estimated by Ithaca and reviewed by Sproule. In respect of the MacCulloch field only (representing 1.4 MMboe proved plus probable reserves as at the same effective date, with Ithaca’s previously announced acquisition of such field interest anticipated to be completed in Q1-2013), Ithaca management prepared information reviewed by a qualified person under AIM guidelines. With respect to Valiant reserves, the figures are derived from an Audit of Certain Reserves as at 31 December 2012 prepared by RPS Energy Consultants Limited, an independent qualified reserves evaluator, dated 24 January 2013. The reserves estimates of Ithaca are based on the Canadian Oil and Gas Evaluation Handbook (“**COGEH**”) pursuant to Canadian National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities. The reserves estimates of Valiant are based on the 2007 SPE/AAPG/WPC/SPEE Petroleum Resource Management System which is not materially different from COGEH. The Ithaca reserves correspond to those in the Statement adjusted to reflect the increased Carna and Cook field equities acquired following the date of issue of the Statement and Ithaca management’s estimate of MacCulloch field reserves. The Valiant reserves have been adjusted to reflect the increased Fionn field interest being transferred to Valiant by Antrim Resources (N.I.) Limited.

Disclosure requirements of the Takeover Code (the “Code”)

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of Valiant or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified.

An Opening Position Disclosure must contain details of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) Valiant; and (ii) any paper offeror(s).

An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th Business Day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of Valiant or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of Valiant or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of Valiant or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) Valiant; and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8.

A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of Valiant or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by Valiant and by any offeror and Dealing Disclosures must also be made by Valiant, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.

Publication of this announcement

A copy of this announcement will be made available, free of charge subject to certain restrictions relating to persons resident in Restricted Jurisdictions, at www.ithacaenergy.com and www.valiant-petroleum.com by no later than 12 noon (London time) on the Business Day following the date of this announcement.

Neither the content of any website referred to in this announcement nor the content of any website accessible from hyperlinks on Ithaca or Valiant's website (or any other website) is incorporated into, or forms part of, this announcement.

Rule 2.10 Disclosure

In accordance with Rule 2.10 of the Code, Ithaca confirms that it has 259,953,336 Ithaca Shares (without par value) in issue and listed on the Toronto Stock Exchange and admitted to trading on AIM under ISIN CA4656761042.

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1 March 2013

**RECOMMENDED ACQUISITION OF
VALIANT PETROLEUM PLC
BY
ITHACA ENERGY HOLDINGS (UK) LIMITED
(A WHOLLY-OWNED SUBSIDIARY OF ITHACA ENERGY INC.)**

(TO BE EFFECTED BY MEANS OF A SCHEME OF ARRANGEMENT UNDER PART 26 OF THE COMPANIES ACT
2006)

1. Introduction

The Boards of Ithaca and Valiant are pleased to announce that they have reached agreement on the terms of a recommended acquisition under which Ithaca Bidco will acquire the entire issued and to be issued share capital of Valiant.

2. Summary of Terms

It is intended that the Acquisition will be effected by way of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act, further details of which are contained in paragraph 12 below. The Scheme requires approval by Valiant Shareholders at the Court Meeting and the General Meeting which are to be convened to approve the Acquisition. Further details of the Court-sanctioned scheme of arrangement and the requisite level of Valiant Shareholder approvals are contained in paragraph 12 below. The Acquisition is also conditional on, among other things, certain regulatory approvals.

Pursuant to the terms of the Acquisition, Valiant Shareholders will be entitled to receive:

for each Valiant Share

307 pence in cash and 1.33 Ithaca Consideration Shares

Based on the Closing Price of an Ithaca Share of C\$1.97 (126 pence) on 28 February 2013, the Acquisition values the entire issued and to be issued share capital of Valiant at approximately £203 million (equivalent to approximately US\$309 million and C\$318 million) and each Valiant Share at approximately 475 pence.

The consideration payable under the Acquisition represents a premium of approximately:

- ~ 37% to the Closing Price of 346.5 pence per Valiant Share on 28 February 2013, the last Business Day prior to the date of this announcement;
- ~ 31% to the average Closing Price of 361.1 pence per Valiant Share for the 20 Business Days ended on 28 February 2013, the last Business Day prior to the date of this announcement; and

- ~ 3% to the Closing Price of 460.0 pence per Valiant Share on 5 September 2012, the last Business Day prior to the announcement by Valiant of the commencement of a 'formal sale process' as defined in the Code.

The Ithaca Consideration Shares to be issued pursuant to the Acquisition are expected to represent approximately 18% of the issued share capital of Ithaca as enlarged by the Acquisition.

The Ithaca Consideration Shares will rank equally in all respects with the existing Ithaca Shares and will be entitled to receive any dividends and/or other distributions declared or paid by Ithaca in respect of common shares of Ithaca with a record date falling after the Effective Date.

Fractions of Ithaca Consideration Shares will not be allotted to Valiant Shareholders pursuant to the Acquisition. However, the entitlements of Valiant Shareholders will be rounded up or down (with 0.5 of an Ithaca Consideration Share being rounded up) to the nearest whole number of Ithaca Consideration Shares.

3. Background to and reasons for the Acquisition

The Acquisition is in line with Ithaca's stated strategy of growing shareholder value by building a highly-cash generative North Sea oil and gas Business via one of its key objectives, the delivery of continued growth of cash flow per share and expansion of the cash flow base through accretive acquisitions.

Ithaca's strong balance sheet position enables it to deliver a highly accretive acquisition that materially increases and diversifies its production and reserves base. Ithaca, post acquisition, maintains a fully funded capital programme and Business plan. Based on the tax free forecast cash flows of Ithaca and the implementation of an oil price hedging programme, the additional debt used to finance the Acquisition is anticipated to be repaid within approximately two years, with the full cost repaid within approximately two and a half years.

Three key metrics by which the Acquisition can be measured are outlined below:

(a)

	Assets	Tax Allowances ²	Total
Enterprise Value ¹ /2P Reserves	US\$11.1/bbl	US\$13.2bbl	US\$24.3/bbl

¹ Enterprise Value defined as Acquisition price plus debt and associated working capital

² US\$500M UK tax allowances plus US\$23 million Norwegian tax refund from 2012 expenditure, present value US\$251 million

(b)

Cash Flow Per Share	2013	2014
Pre-Acquisition	US\$0.4/sh	US\$1.5/sh
Post-Acquisition	US\$1.3/sh	US\$2.1/sh

(c) **Enterprise Value/2013 Average Production:** Over US\$48,000 per flowing barrel

The assets of Ithaca and Valiant have a strong strategic fit, with the substantial immediate increase in oil production from the acquired Valiant assets complementing Ithaca's near term production growth profile.

Specifically, the Acquisition is anticipated to:

- ~ more than double Ithaca's 2013 forecast production from 6-6.7kboe/d to 14-16kboe/d, rising thereafter to an upper range production outlook of approximately 25kboe/d in 2014 and 27kboe/d in 2015;
- ~ increase high netback oil production as a proportion of total production in both 2013 and 2014 to approximately 90% (such production priced at or around the Brent benchmark);
- ~ broaden Ithaca's 2013 producing asset base to 11 fields, with a further operated field scheduled to start-up in H2-2013;
- ~ increase Ithaca's production per Ithaca Share by approximately 100% in 2013 and 33% in 2014;
- ~ increase total 2P reserves by approximately 35% to 74MMboe⁽¹⁾, with approximately 65% of total 2P reserves being oil;
- ~ produce a balanced 2P reserves portfolio by increasing 2P producing asset reserves to approximately 37MMboe⁽¹⁾, representing approximately 50% of total 2P reserves;
- ~ increase forecast 2013 cash flow from operations to approximately US\$400 million, rising to over US\$700 million in 2015;
- ~ increase forecast 2013 cash flow per Ithaca Share by 225% and 2014 cash flow per Ithaca Share by 40%;
- ~ add approximately US\$500 million in UK tax allowances (end-2012 balance) and a US\$23 million Norwegian tax refund relating to expenditure incurred in 2012;
- ~ create a combined entity with estimated UK tax allowances of approximately US\$915 million (end-2012 balance), which will shelter combined cash flows from the payment of UK tax over the medium term;
- ~ result in an enhanced pro forma 2013 balance sheet, with forecast Ithaca net debt to cash flow pre-Acquisition of approximately 2.1x reducing to approximately 1.2x post-Acquisition;
- ~ continue to maintain low decommissioning liability exposures;
- ~ provide strategic entry into Norway, a geography with significant remaining hydrocarbon potential;
- ~ add assets with upside potential from appraisal drilling as well as production enhancement programmes;
- ~ provide cost synergies through the removal of administrative and operational overlaps; and
- ~ enable an on-going farm-out campaign to allow a focused and reduced commitment exploration programme in the context of an enlarged group.

The Acquisition will establish Ithaca as a leading mid-cap North Sea oil and gas operator with the strategy continuing to remain firmly centred on the delivery of production and development-led growth.

In summary, the impact of the Acquisition in respect of:

(a) cash flows from operations (“CFFO”) are:

CFFO ^{1,2}	2013 (US\$m)	2014(US\$m)	2015(US\$m)
Pre-Acquisition	118	390	506
Post-Acquisition	420	662	731
Increase	302	272	225

(b) the 2P reserves are:

2P Reserves ¹	MMboe
Without Valiant	55
With Valiant	74
Increase	19

(c) anticipated production profiles are:

Production Profiles ¹	2013 (kboe/d)	2014(kboe/d)	2015(kboe/d)
Pre-Acquisition	6.0 -6.7	13.0 - 15.5	16.5 - 19.5
Post-Acquisition	14.0 - 16.2	21.0- 25.0	23.0- 27.0
Increase	8.0 - 9.5	8.0 - 9.5	6.5 - 7.5

¹ (a), (b) and (c) above include the anticipated contribution from the yet to be completed MacCulloch acquisition.

² The CFFO is derived from US\$100/bbl Brent and 55p/therm gas price, 3% per annum inflation and anticipated hedging. The CFFO does not take into account Ithaca’s assumption of capital expenditure associated with Valiant’s existing assets of approximately US\$210 million over the next two years (including Norwegian capital expenditure net of the applicable 78% tax refund).

4. Recommendation

The Valiant Board, which has been so advised by Morgan Stanley (as the independent financial adviser for the purposes of Rule 3 of the Code), considers the terms of the Acquisition to be fair and reasonable. In providing its advice to the Valiant Board, Morgan Stanley has taken into account the commercial assessments of the Valiant Board.

Accordingly, the Valiant Board intends to recommend that Valiant Shareholders vote in favour of the resolutions to be proposed at the Court Meeting and the General Meeting which are to be convened to approve the Acquisition. The Valiant Directors have irrevocably undertaken to approve the Acquisition in respect of their own beneficial holdings in Valiant, which amount in aggregate, to 433,695 Valiant Shares, representing approximately 1.1% of the entire issued share capital of Valiant (as described in Appendix III). These irrevocable undertakings do not lapse in the event of a higher competing offer being made for Valiant. As previously announced by Valiant on 15 November 2012, Peter Buchanan has ceased to participate in meetings of the Valiant Board relating to the Strategic Review and formal sale process initiated on 6 September 2012, including relating to the Acquisition and has not given an irrevocable undertaking.

5. Background to and reasons for the Recommendation

Founded in 2004 and admitted to trading on AIM in March 2008, Valiant has built a balanced and attractive portfolio of production, development and exploration assets, which combined with its strong cashflow, provides a solid foundation to deliver growth and shareholder value.

Recognising this position of strength and the alternative directions available to Valiant and the near term upside potential from a well-developed 2013 exploration programme, the Valiant Board initiated the Strategic Review on 6 September 2012 with the aim of identifying the full range of strategic options available to Valiant and maximising value created from the existing asset base.

During the Strategic Review, it became clear that there were advantages to Valiant in enlarging the Valiant Group with better access to capital and diversification of risks across a broader portfolio and a further range of options. Thus after thorough evaluation of the full range of available strategic options and taking into account the more limited flexibility for growth on a standalone basis, the Valiant Board considers the proposed acquisition by Ithaca to be the most attractive opportunity for Valiant Shareholders with compelling strategic and financial rationale.

The formal sale process has now been concluded. The end of the formal sale process means that the data room which has been open to participants will be closed with effect from 7.00 am on 1 March 2013. Other potential offerors can still nonetheless announce competing offers for Valiant.

The Valiant Board believes that the acquisition by Ithaca, which at the Closing Price of an Ithaca Share on 28 February 2013 (the last Business Day prior to the date of this announcement), represents a significant premium to Valiant's current and recent share prices, recognises the value of Valiant's producing asset base and enables Valiant Shareholders to realise a proportion of this value in cash, whilst retaining exposure to future growth of the Business through an ownership of approximately 18% of Ithaca.

6. Break fee

The Panel has consented to Valiant entering into a break fee arrangement with Ithaca Bidco as a participant in Valiant's announced formal sale process under Note 2 of Rule 21.2 of the Code. As such, Valiant has agreed to pay Ithaca Bidco a break fee of £2,034,944 (subject to adjustment for VAT) if a Competing Offer is announced prior to the Acquisition lapsing or being withdrawn and such Competing Offer becomes or is declared unconditional in all respects or otherwise becomes effective.

7. Irrevocable undertakings and letters of intent

Ithaca Bidco has received irrevocable undertakings to vote in favour of the Scheme and the resolutions at the Court Meeting and the General Meeting from the following Valiant Shareholders in respect of an aggregate of 2,537,695 Valiant Shares, representing approximately 6.20% of Valiant's issued share capital:

- ~ Valiant Directors in respect of 433,695 Valiant Shares, representing approximately 1.06% of Valiant's issued share capital; and
- ~ Artemis Investment Management LLP in respect of 2,104,000 Valiant Shares, representing approximately 5.14% of Valiant's issued share capital.

In addition, Ithaca Bidco has received non-binding letters of intent to vote in favour of the Scheme and the resolutions at the Court Meeting and the General Meeting from the following Valiant

Shareholders in respect of an aggregate amount of 14,392,784 Valiant Shares, representing approximately 35.15% of Valiant's issued share capital:

- ~ AXA Investment Managers UK Limited in respect of 5,582,436 Valiant Shares, representing approximately 13.63% of Valiant's issued share capital;
- ~ GLG Partners LP in respect of 4,025,585 Valiant Shares, representing approximately 9.83% of Valiant's issued share capital;
- ~ Praxient Capital LLP in respect of 2,717,137 Valiant Shares, representing approximately 6.64% of Valiant's issued share capital; and
- ~ Aviva Investors Global Services Limited in respect of 2,067,626 Valiant Shares, representing approximately 5.05% of Valiant's issued share capital.

Ithaca Bidco has therefore received irrevocable undertakings and non-binding letters of intent to vote in favour of the Scheme and the resolutions at the Court Meeting and the General Meeting in respect of an aggregate of 16,930,479 Valiant Shares, representing approximately 41.35% of Valiant's issued share capital.

Further details of these irrevocable undertakings (including the circumstances in which they may cease to be binding) and letters of intent are set out in Appendix III to this announcement.

In addition, although no shareholder approval of Ithaca or Ithaca Bidco is required in connection with the Acquisition, Ithaca Bidco has received non-binding letters from the following Ithaca shareholders (or investment managers), confirming their support for Ithaca and Ithaca Bidco making the Acquisition in line with Ithaca's stated strategy: Artemis Investment Management LLP; Four Capital Partners Limited; HSBC Global Asset Management; JP Morgan Asset Management (UK) Limited; Salida Capital; and SLZ Capital Management, LLC.

8. Information on Ithaca and Ithaca Bidco

Ithaca, through its wholly-owned subsidiary, Ithaca Energy (UK) Limited, is an oil and gas operator focused on production, appraisal and development activities in the North Sea.

Ithaca's strategy is to grow shareholder value by building a highly cash-generative North Sea oil and gas Business. Execution of the strategy is centred on: maximising cash flow and production from existing assets; delivering material growth by appraising and developing existing hydrocarbon discoveries; and continuing to increase and diversify Ithaca's portfolio and cash flows via acquisitions.

Ithaca is incorporated in Alberta, Canada and Ithaca Shares are listed on the Toronto Stock Exchange and admitted to trading on AIM. Ithaca Bidco is a wholly-owned subsidiary of Ithaca incorporated under the laws of Scotland for the purpose of making the Acquisition. Ithaca Bidco has not traded since incorporation, nor has it entered into any obligations, other than in connection with the Acquisition and the financing of the Acquisition.

9. Information on Valiant

Valiant has a balanced portfolio of producing, development and exploration assets with a primary focus on the UK and Norway. Formed in 2004, Valiant has developed a stable production foundation providing it with sustained cash flows which fund on-going investment. Valiant has built a broad and

attractive portfolio in stable geographies where it has deep knowledge of the geology and regulatory environment. Valiant Shares were admitted to trading on AIM in March 2008 (AIM: VPP).

The Valiant Group's production foundation provides sustained cash flows, which funds investment and limits downside risk. Valiant invests in exploration and development projects which are individually material compared to the size of Valiant, giving significant upside exposure.

Valiant's proved plus probable reserves as at 31 December 2012 are 18.9 million⁽³⁾ barrels of oil. This figure is inclusive of:

- ~ a re-categorisation of 6.6 million barrels of oil associated with the Crawford and Porter fields from proved plus probable reserves into contingent resources;
- ~ a write-off of the small amount of reserves associated with the Conrie well; and
- ~ a downward adjustment on the Causeway Field to 3.6 MMstb net to Valiant.

Valiant has today announced that it has completed drilling of the Timon prospect (Valiant, 10%) located in the UK Northern North Sea in Blocks 211/11b and 211/16b. The Upper Jurassic sands were found to be poorly developed in the target location and the well will now be plugged and abandoned as a dry hole.

Valiant's interests in currently producing oilfields are:

- ~ Don Southwest (UK P236, 211/18a Don Southwest Area): 40%
- ~ West Don (UK P236, 211/18a West Don Area): 17.275% (unitised)
- ~ Causeway (UK P1383, 211/23d): 64.5% (operator)

Valiant also has the following on-going operated development project:

- ~ Fionn (UK P201, 211/22a South East Area): 64.5% (expected to increase in due course to 100%, the transfer of which remains subject to certain documentation and consent from the Department of Energy and Climate Change)

Additionally, over the past few years, Valiant has built a substantial exploration licence portfolio in its core areas of UK and Norway through a combination of active participation in the UK offshore licensing rounds and selected farm-in opportunities. Valiant seeks to take high equity interests in blocks during the prospect identification/evaluation phase farming-down its overall holdings, if appropriate, prior to drilling to manage the Valiant Group's financial exposure to any single well. During 2011, Valiant acquired Sagex Petroleum ASA to build and grow a Business in Norway to expand its overall geographic footprint and thereby gain access to a substantial additional exploration and development opportunity. The acquisition of Sagex also provided Valiant with substantial expertise and local knowledge as an important key to unlocking early success and maximising value for shareholders.

Valiant's interests in key near-term exploration and appraisal prospects include:

UK

- ~ Handcross (UK P.1631, 204/18b): 90% - formal farm-out process underway
- ~ Isabella (UK P.1820, 30/6c, 11a & 12d): 20%⁴ - farm-out agreed in principle
- ~ Beverley (UK P.1792, 21/30f & 22/26c): 40% - farm-out under consideration

Norway

- ~ Storbarden (Norway PL506 S, BS, CS, DS 26/5, 26/8, 26/2): 25% - drilling March 2013

- ~ Norvarg (Norway PL535, 7225/3, 7226/1): 13% - appraisal well of an existing discovery
- ~ Matrosen (Norway PL659, 7121/3; 7122/1, 2; 7221/10, 12; 7222/11, 12): 5%

³ This assumes 100% working interest in the Fionn field, the transfer of which remains subject to certain documentation and consent from the Department of Energy and Climate Change.

⁴ Valiant's interest is expected to reduce from 50% to 20% on farm-out.

10. Management, employees and locations

Ithaca confirms that, upon completion of the Acquisition, two existing Valiant Directors, Mr Jannik Lindbæk and Mr Michael Bonte-Friedheim, will be appointed to the Board of Ithaca as Non-Executive Directors. Both Mr Lindbæk and Mr Bonte-Friedheim have considerable oil and gas industry experience, both in the North Sea and internationally, and will be central to ensuring a seamless and efficient integration of Valiant's assets into Ithaca's existing operations. Mr Lindbæk was previously Chairman of the Norwegian international oil and gas company Statoil ASA, prior to its merger with Norsk Hydro in 2007. Mr Bonte-Friedheim, an investment banker by background, was previously Chairman and subsequently CEO of Mediterranean Oil and Gas plc, a UK AIM-traded company, and is currently co-CEO of NextEnergy Capital, a merchant bank focused on the renewable energy sector, as well as acting CEO of Valiant.

Ithaca expects that the other members of the Valiant Board will cease to have any involvement with the Ithaca Business from the Effective Date and that they will resign as directors from Valiant at such time.

Within one month of the Scheme becoming Effective, Ithaca will instigate a thorough review of the Business and locations of the Combined Group to identify and achieve operational synergies. Ithaca currently expects this review to result in a reduction of head count of the Valiant Group and places of Business where there is opportunity to achieve efficiencies in respect of the Combined Group's administrative or operational functions, including the proposed closure of Valiant's Working office. Ithaca has agreed that appropriate employee outplacement programmes will be provided in the event that any redundancies are implemented after the Scheme has become effective.

Ithaca confirms that, following completion of the Acquisition, the existing contractual and statutory employment rights, including in relation to pensions, of all Valiant employees will be honoured.

11. Valiant Share Schemes

Participants in the Valiant Share Schemes will be contacted regarding the effect of the Acquisition on their rights under the Valiant Share Schemes in accordance with the terms of the relevant plan rules and appropriate proposals will be made to such participants in due course in accordance with the Co-operation Agreement (as summarised in paragraph 16 below).

12. Structure of the Acquisition

It is intended that the Acquisition will be effected by means of a Court-sanctioned scheme of arrangement of Valiant under Part 26 of the Companies Act (including the Capital Reduction under section 641 of the Companies Act).

The purpose of the Scheme is to provide for Ithaca Bidco to become the owner of the entire issued and to be issued share capital of Valiant. This is to be achieved by the cancellation of the Scheme Shares and the application of the reserve arising from such cancellation in paying up in full a number of new ordinary shares in Valiant which is equal to the number of Scheme Shares so cancelled, and issuing such new Valiant ordinary shares to Ithaca Bidco. In consideration for this, the Scheme

Shareholders will receive cash consideration and Ithaca Consideration Shares on the basis set out in paragraph 2 of this announcement. The cancellation of those Scheme Shares and the subsequent issue of new Valiant Shares to Ithaca Bidco will result in Valiant becoming a wholly-owned subsidiary of Ithaca Bidco.

To become Effective, the Scheme must be approved by a majority in number of those Scheme Shareholders entitled to vote and present and voting at the Court Meeting (either in person or by proxy) representing at least 75% in value of the Scheme Shares held by such Scheme Shareholders. In addition, the implementation of the Scheme requires approval by the passing of a special resolution by Valiant Shareholders at the General Meeting to be held immediately after the Court Meeting.

The Scheme and the Capital Reduction must also be sanctioned by the Court. All Shareholders are entitled to attend the Court Hearing in person or through counsel to support or oppose the sanctioning of the Scheme. The Scheme and Capital Reduction will only become Effective upon delivery to the Registrar of Companies of a copy of the Court Order(s) and associated statement of capital (and, if the Court so orders, upon registration by him of them).

The Scheme will also be subject to certain Conditions and further terms referred to in Appendix I to this announcement and to be set out in the Scheme Document.

Ithaca Bidco reserves the right to switch from implementing the Acquisition by means of a scheme of arrangement under Part 26 of the Companies Act to a Takeover Offer, in accordance with paragraph 8 of Appendix 7 of the Code, with the consent of the Panel and the Valiant Board (save that Ithaca Bidco need not obtain the consent of the Valiant Board if the election is made within ten days of the date a firm intention to announce an offer for the entire issued and to be issued share capital of Valiant is announced by a third party).

Subject to satisfaction of the Conditions, the Scheme is expected to become Effective on or around 19 April 2013. The Acquisition will lapse if the Scheme does not become Effective by 1 September 2013 (or such later date as may, with the consent of the Panel (if required), be agreed between Ithaca Bidco and Valiant), provided however that this deadline may be waived by Ithaca Bidco.

Upon the Scheme becoming Effective, it will be binding on all Valiant Shareholders, irrespective of whether or not they were present or voted at the Court Meeting or the General Meeting and, if they did vote, whether or not they voted in favour of or against the resolutions proposed at those meetings.

Further details of the Scheme will be set out in the Scheme Document, together with notices of the Court Meeting and the General Meeting and the accompanying Forms of Proxy, which are expected to be despatched to Valiant Shareholders as soon as reasonably practicable and in any event within 28 days of this announcement, unless otherwise agreed with the Panel.

13. Financing the Acquisition

The cash consideration payable under the terms of the Acquisition will be funded by utilising funds made available to Ithaca Bidco pursuant to a bridge credit agreement entered into between Ithaca, Ithaca Bidco, Banc of America Securities Limited, BNP Paribas and The Bank of Nova Scotia together with Ithaca's existing cash resources, which will be made available to Ithaca Bidco. The bridge credit facility provides a 12 month facility of US\$350 million to bridge the transfer of Valiant's assets into Ithaca's existing (enlarged) borrowing base facility, such funds to be utilised to satisfy the cash consideration payable under the terms of the Acquisition (approximately \$US200 million) and the

repayment of all outstanding Valiant debt and associated working capital requirements (approximately US\$150 million). Cenkos, financial adviser to Ithaca and Ithaca Bidco, is satisfied that sufficient resources are available to satisfy in full the cash consideration payable to Valiant Shareholders under the terms of the Acquisition.

14. Delisting and re-registration

It is intended that dealings in Valiant Shares will be suspended at the Scheme Record Time and that no transfers of Valiant Shares will be registered after that time. Application will be made to the London Stock Exchange for the cancellation of the admission to trading of the Valiant Shares to AIM upon or shortly after the Effective Date.

When the Scheme becomes effective in accordance with its terms, the Valiant Shares will be cancelled. At that point, share certificates in respect of Valiant Shares will cease to be valid and entitlements to Valiant Shares held within the CREST system will be cancelled.

It is also intended that Valiant will be re-registered as a private company under the relevant provisions of the Companies Act, with effect from the Scheme becoming Effective.

15. Settlement, listing and dealing of Ithaca Consideration Shares

It is intended that applications will be made for the Ithaca Consideration Shares to be listed on the Toronto Stock Exchange and admitted to trading on AIM. It is expected that listing of the Ithaca Consideration Shares on the Toronto Stock Exchange and the admission to trading on AIM will become effective once Ithaca has fulfilled all of the listing requirements of the Toronto Stock Exchange and that trading of the Ithaca Consideration Shares on AIM will become effective, and that dealings for normal settlement in the Ithaca Consideration Shares traded on AIM will commence, not later than the Business Day after the Effective Date.

Shares of non-UK companies (such as Ithaca) cannot be held and transferred directly into the CREST system. Holders of Scheme Shares who hold Valiant Shares in uncertificated form (that is, in CREST) will be entitled to Ithaca Depository Interests, representing the Ithaca Consideration Shares to which the relevant Valiant Shareholder is entitled under the terms of the Scheme. The Ithaca Depository Interests can be held and transferred through the CREST system. It is expected that the Ithaca Depository Interests will trade under ISIN CA4656761042 in the same way as existing Ithaca Shares.

Further details on listing, dealing and settlement will be included in the Scheme Document.

The Ithaca Consideration Shares will be subject to the provisions of certain Canadian securities laws and regulations.

16. Offer Related Arrangements

Confidentiality agreement

On 1 March 2013, Valiant and Ithaca entered into a confidentiality agreement in a customary form in relation to the Acquisition, pursuant to which they each undertook, subject to certain exceptions, to keep information relating to Valiant and Ithaca confidential and to not disclose it to third parties. Unless terminated earlier, the confidentiality obligations will remain in force for three years from the date of the agreement.

Co-operation Agreement

On 1 March 2013, Valiant, Ithaca Bidco and Ithaca entered into the Co-operation Agreement pursuant to which, in relation to the Valiant Share Schemes, the parties have agreed that:

- ~ Awards granted in 2010 under the LTIP will vest, subject to the satisfaction of the applicable performance target, on 9 April 2013 in accordance with the terms of the LTIP;
- ~ Awards granted in 2011 and 2012 under the LTIP will vest immediately following Court sanction of the Scheme in accordance with the terms of the LTIP with the effect that 100% of the awards granted in 2011 will vest and approximately 67% of the awards granted in 2012 will vest; and
- ~ Options granted under the Option Schemes, all of which will either already be exercisable immediately before or become exercisable as a result of the Scheme, may be exercised in accordance with the rules of those schemes.

Valiant Shares issued prior to the Scheme Record Time, either pursuant to such awards or options or to an employee benefit trust for the express purpose of satisfying those awards or options at that time, shall be subject to the Scheme.

Ithaca has agreed that appropriate employee outplacement programmes will be provided in the event that any redundancies are implemented after the Scheme has become effective.

The Co-operation Agreement also includes reciprocal obligations on the part of Valiant, Ithaca and Ithaca Bidco to use their reasonable endeavours to provide each other with information or assistance for the purposes of obtaining any official authorisation or regulatory clearance required in connection with the implementation of the Acquisition, including in respect of any consents required from the granting authorities of exploration or production licences in Norway, Iceland or the Faroe Islands in accordance with the applicable laws and regulations of those territories.

17. Opening Position Disclosures and interests

Ithaca and Ithaca Bidco will each be making an Opening Position Disclosure, setting out the details required to be disclosed by it under Rule 8.1(a) of the Code.

Valiant will make an Opening Position Disclosure, setting out details required to be disclosed by it under Rule 8.2(a) of the Code.

18. Expected Timetable

Further details of the Scheme will be contained in the Scheme Document which is currently expected to be posted to Valiant Shareholders on or around 12 March 2013, and in any event within 28 days of this announcement unless otherwise agreed with the Panel.

Further details on the timetable for implementation of the Scheme will be set out in the Scheme Document, which will also include the notices of the Court Meeting and the General Meeting and specify the necessary actions to be taken by Valiant Shareholders. It is currently expected that the Scheme Document will be posted on or around 12 March 2013 and that the Court Meeting and General Meeting will be held on or around 2 April 2013.

If the Scheme does not become Effective by 1 September 2013, the Acquisition will lapse except where the approval of Valiant Shareholders at the Court Meeting and General Meeting is obtained

before this date, in which case the longstop date for the Acquisition may be extended to such later date as Ithaca Bidco and Valiant may agree and, if appropriate, the Court may approve.

19. Conditions

The Acquisition will be subject to the conditions and further terms set out in Appendix I and the full terms and conditions which will be set out in the Scheme Document. Prior approval for the Acquisition will be required from certain government or regulatory bodies including, among others, the Secretary of State for Energy and Climate Change in the UK, the Norwegian Ministry of Petroleum and Energy and the Norwegian Ministry of Finance.

In addition, as set out in Condition 3(j)(i) in Appendix I, the Acquisition will be conditional upon a Brent Failure Event not having occurred. Accordingly, if a Brent Failure Event does occur, Ithaca Bidco may, subject to the consent of the Panel, be entitled not to proceed with the Acquisition. The Ithaca Board believes that the continuing operation of the Brent System is of fundamental importance to Valiant's Business. The Brent System failing to function or being materially restricted will impact on Valiant Production and could significantly reduce Valiant's cash flow.

20. Overseas Shareholders

The availability of the Ithaca Consideration Shares under the terms of the Acquisition to persons not resident in the United Kingdom may be prohibited or affected by the laws and regulations of the relevant jurisdictions. Such persons should inform themselves about and observe any applicable requirements. Further details in relation to Overseas Shareholders will be contained in the Scheme Document.

This announcement does not constitute an offer or invitation to purchase any securities.

21. Documents on display

Copies of the following documents will be available on the websites of Ithaca and Valiant at, respectively, www.ithacaenergy.com and www.valiant-petroleum.com by not later than 12 noon on 4 March 2013 (being the Business Day following the date of this announcement):

- ~ the break fee agreement referred to at paragraph 6 above;
- ~ the irrevocable undertakings and letters of intent referred to at paragraph 7 above and summarised in Appendix III to this announcement;
- ~ the bridge credit facility referred to at paragraph 13 above;
- ~ the confidentiality agreement referred to at paragraph 16 above; and
- ~ the Co-operation Agreement referred to at paragraph 16 above.

22. General

The Acquisition will be made subject to the Conditions and on the terms set out in Appendix I to this announcement and on the further terms and Conditions to be set out in the Scheme Document. The Scheme will be governed by English law and subject to the applicable rules and regulations of the London Stock Exchange, the Panel and the FSA.

The Conditions and certain further terms of the Acquisition are set out in Appendix I to this announcement. Appendix II sets out the sources and bases of certain financial and other information contained in this announcement. Appendix III contains details of the irrevocable undertakings and letters of intent given to Ithaca Bidco. Appendix IV contains the definitions of certain terms used in this announcement.

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Mark Lewis, *Chief Financial Officer*
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This summary should be read in conjunction with the full text of this announcement. Appendix I to this announcement contains the conditions to, and certain further terms of, the Acquisition. Appendix II to this announcement contains further details of the sources of information and bases of calculations set out in this announcement. Appendix III contains a summary of the irrevocable undertakings and letters of intent given by the Valiant Directors and by certain institutional shareholders. Appendix IV contains definitions of certain expressions used in this summary and in this announcement.

The Acquisition will be made on the terms and subject to the conditions and further terms set out herein and in Appendix I to this announcement and the further terms and conditions to be set out in the Scheme Document and Forms of Proxy when issued. The bases and sources of certain financial information contained in this announcement are set out in Appendix II to this announcement. A summary of the irrevocable undertakings given by the Valiant Directors and the irrevocable undertakings and letters of intent given by certain other Valiant Shareholders is contained in Appendix III to this announcement. Certain terms used in this announcement are defined in Appendix IV to this announcement.

This announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise, nor shall there be any sale, issuance or transfer of securities of Valiant or Ithaca in any jurisdiction in contravention of applicable law. This announcement does not constitute a prospectus or a prospectus equivalent document.

Any vote by Valiant Shareholders in respect of the Acquisition should only be made on the basis of the information contained in the Scheme Document, which will contain the full terms and conditions of the Acquisition (including details of how to vote in favour of the Scheme). Valiant Shareholders are advised to read the formal documentation in relation to the Acquisition which will be distributed to Valiant Shareholders in due course (with the exception of certain Valiant Shareholders in Restricted Jurisdictions), as it will contain important information relating to the Acquisition.

Please be aware that addresses, electronic addresses and certain other information provided by Valiant Shareholders, persons with information rights and other relevant persons in connection with the receipt of communications from Valiant may be provided to Ithaca during the offer period as required under Section 4 of Appendix 4 of the Code.

*Cenkos, which is authorised and regulated in the United Kingdom by the FSA, is acting for Ithaca and Ithaca Bidco and no-one else in connection with the Acquisition and will not be responsible to anyone other than Ithaca and Ithaca Bidco for providing the protections afforded to clients of Cenkos nor for providing advice in relation to the Acquisition. Neither Cenkos nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Cenkos in connection with this announcement, any statement contained herein or otherwise. In addition, in accordance with, and to the extent permitted by, the Code, normal UK market practice and Section 14(e) of, and Regulation 14E under, the US Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) subject to the exemptions provided by Rule 14d-1 under the Exchange Act, Cenkos will continue to act as exempt principal traders in Valiant Shares and Ithaca Shares on the London Stock Exchange and engage in certain other purchasing activities consistent with their respective normal and usual practice and applicable law.*

Scotia Capital Inc is acting for Ithaca and Ithaca Bidco and no-one else in connection with the Acquisition and will not be responsible to anyone other than Ithaca and Ithaca Bidco for providing the protections afforded to clients of Scotia Capital Inc nor for providing advice in relation to the Acquisition. Neither Scotia Capital Inc nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Scotia Capital Inc in connection with this announcement, any statement contained herein or otherwise.

Morgan Stanley, which is authorised and regulated in the United Kingdom by the FSA, is acting for Valiant and no-one else in connection with the Acquisition and will not be responsible to anyone other than Valiant for providing the protections afforded to clients of Morgan Stanley or for providing advice in relation to the Acquisition. Neither Morgan Stanley nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under

statute or otherwise) to any person who is not a client of Morgan Stanley in connection with this announcement, any statement contained herein or otherwise.

Oriel, which is authorised and regulated in the United Kingdom by the FSA, is acting for Valiant and no-one else in connection with the Acquisition and will not be responsible to anyone other than Valiant for providing the protections afforded to clients of Oriel nor for providing advice in relation to the Acquisition. Neither Oriel nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Oriel in connection with this announcement, any statement contained herein or otherwise.

Jefferies Hoare Govett, a division of Jefferies International Limited, which is authorised and regulated in the United Kingdom by the FSA, is acting for Valiant and no-one else in connection with the Acquisition and will not be responsible to anyone other than Valiant for providing the protections afforded to clients of Jefferies Hoare Govett or for providing advice in relation to the Acquisition. Neither Jefferies Hoare Govett nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Jefferies Hoare Govett in connection with this announcement, any statement contained herein or otherwise.

Overseas jurisdictions

The availability of the Ithaca Consideration Shares in, and the release, publication or distribution of this announcement in or into, jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this announcement comes who are not resident in the United Kingdom should inform themselves about, and observe, any applicable restrictions. Valiant Shareholders who are in any doubt regarding such matters should consult an appropriate independent adviser in the relevant jurisdiction without delay. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

This announcement has been prepared for the purposes of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

The Acquisition relates to the shares of an English company (a “foreign private issuer” as defined under Rule 3b-4 under the Exchange Act) and is proposed to be made by means of a scheme of arrangement provided for under, and governed by, English law. Neither the proxy solicitation rules nor the tender offer rules under the Exchange Act will apply to the Scheme. Accordingly, the Ithaca Consideration Shares to be issued pursuant to the Scheme have not been and will not be registered under the US Securities Act of 1933 (as amended) (the “**Securities Act**”) or under the relevant securities laws of any state or territory or other jurisdiction of the United States, but are expected to be offered in the United States in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) thereof and exemptions provided under the laws of each state of the United States in which eligible Valiant Shareholders may reside.

The Scheme will be subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement, which differ from the disclosure requirements of the US and Canadian proxy solicitation rules and tender offer rules. However, if Ithaca Bidco were to elect (in accordance with the condition in paragraph (a) of Part B of Appendix I) to implement the Acquisition by means of a Takeover Offer, such offer will be made in compliance with the US and Canadian tender offer rules, to the extent applicable, or an exemption therefrom.

Financial information included in this announcement and the Scheme Document has been or will be prepared in accordance with accounting standards applicable in the UK and may not be comparable to financial information of US and Canadian companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States and Canada.

None of the securities referred to in this document have been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have such authorities passed upon or determined the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States. This document does not constitute an offer to sell, or the solicitation of any offer to buy, any Ithaca Consideration Shares in any jurisdiction in which such an offer or solicitation would be unlawful.

Valiant is incorporated under the laws of England and Wales, Ithaca Bidco is organised under the laws of Scotland, and Ithaca is organised under the laws of Alberta, Canada. Some or all of the officers and directors of Valiant, Ithaca Bidco and Ithaca may be residents of countries other than the United States. It may not be possible to sue Valiant, Ithaca Bidco and Ithaca in a non-US court for violations of US securities laws. It may be difficult to compel Valiant, Ithaca Bidco, Ithaca and their respective affiliates to subject themselves to the jurisdiction and judgment of a US court.

In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the Exchange Act, Ithaca Bidco or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase Valiant Shares outside of the United States, other than pursuant to the Acquisition, until the Effective Date, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to the Regulatory Information Service of the London Stock Exchange and will be available on the London Stock Exchange website at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>. This information will also be publicly disclosed in the United States to the extent that such information is made public in the United Kingdom.

The Ithaca Consideration Shares to be issued pursuant to the Scheme have not been and will not be registered under the relevant securities laws of Japan and the relevant clearances have not been, and will not be, obtained from the securities commission or similar regulatory authority of any province or territory of Canada or Australia. Accordingly, the Ithaca Consideration Shares are not being, and may not be, offered, sold, resold, delivered or distributed, directly or indirectly in or into the Canada, Australia or Japan or any other jurisdiction if to do so would constitute a violation of relevant laws of, or require registration thereof in, such jurisdiction (except pursuant to an exemption, if available, from any applicable registration or prospectus requirements or otherwise in compliance with all applicable laws). No prospectus in relation to the Ithaca Consideration Shares has been, or will be, lodged or filed with, or registered by, the securities commission or similar regulatory authority of any province or territory of Canada or the Australian Securities and Investments Commission.

The Ithaca Consideration Shares to be issued pursuant to the Scheme will be issued in reliance upon exemptions from the prospectus requirements of securities legislation in each province and territory of Canada. Subject to certain disclosure and regulatory requirements and to customary restrictions applicable to distributions of shares that constitute “control distributions”, Ithaca Consideration Shares may be resold in each province and territory in Canada, subject in certain circumstances, to the usual conditions that no unusual effort has been made to prepare the market or to create demand, no extraordinary commission or consideration is paid and, if the selling shareholder is an insider or officer of Ithaca, such shareholder has no reasonable grounds to believe that Ithaca is in default of securities legislation.

Forward-looking statements

Forward-looking statements include statements regarding the intent, belief and current expectations of Ithaca, Ithaca Bidco and Valiant or their directors or officers with respect to various matters. When used in this announcement, the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "plan", "should", "believe", "could", "target" and similar expressions, and the negatives thereof, whether used in connection with operational activities, production forecasts, budgetary figures contained in this announcement or otherwise, are intended to identify forward-looking statements.

This announcement contains certain forward-looking statements which are based on internal expectations, estimates, projections and beliefs, including assumptions regarding Ithaca Bidco's and Valiant's plans, objectives and expected performance. Such statements relate to events and depend on circumstances that will occur in the future and are subject to risks, uncertainties and assumptions. There are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements including, among others, the enactment of legislation or regulation that may impose costs or restrict activities; the re-negotiation of contracts or licences; fluctuations in demand and pricing in the oil and gas industry; fluctuations in exchange controls; changes in government policy and taxation; industrial disputes; war and terrorism. These forward-looking statements speak only as at the date of this announcement.

In the view of Ithaca's, Ithaca Bidco's and Valiant's management, this information was prepared by management on a reasonable basis, reflects the best currently available estimates and judgements, and presents, to the best of management's knowledge and belief, the expected course of action and the expected future performance of Ithaca, Ithaca Bidco and Valiant. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and recipients of this announcement are cautioned not to place undue reliance on this information. Ithaca, Ithaca Bidco and Valiant do not undertake any obligation to publicly update or revise any forward-looking statement or information, except as required by applicable laws.

Statements relating to reserves are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future. Many of these risk factors, other specific risks, uncertainties and material assumptions are discussed in further detail throughout Ithaca's annual information form and management's discussion and analysis for the year ended 31 December 2011. Readers are specifically referred to the risk factors described in the annual information form under "Risk Factors" and in other documents Ithaca files from time to time with securities regulatory authorities. Copies of these documents are available without charge from Ithaca or electronically on the internet on Ithaca's SEDAR profile at www.sedar.com.

No statement in this announcement is intended as a profit forecast or profit estimate and no statement in this announcement should be interpreted to mean that the future earnings per share of the Ithaca Group as enlarged by the Acquisition, Ithaca and/or Valiant for current or future financial years will necessarily match or exceed the historical or published earnings per share of Ithaca or Valiant.

BOE Presentation

References herein to "boe" mean barrels of oil equivalent derived by converting gas to oil in the ratio of six thousand cubic feet (Mcf) of gas to one barrel (bbl) of oil. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Note regarding oil and gas disclosure⁽¹⁾

With respect to Ithaca's reserves, the figures are derived from a report prepared by Sproule International Limited ("**Sproule**"), an independent qualified reserves evaluator, evaluating the reserves of Ithaca as of 31 December 2011 and forming the basis for the Statement of Reserves Data and Other Oil and Gas Information of Ithaca dated 28 March 2012 (the "**Statement**"). The reserves for the South West Heather Field included in the Statement are those estimated by Ithaca and reviewed by Sproule. In respect of the MacCulloch field only (representing 1.4 MMboe proved plus probable reserves as at the same effective date, with Ithaca's previously announced acquisition of such field interest anticipated to be completed in Q1-2013), Ithaca management prepared information reviewed by a qualified person under AIM guidelines. With respect to Valiant reserves, the figures are derived from an Audit of Certain Reserves as at 31 December 2012 prepared by RPS Energy Consultants Limited, an independent qualified reserves evaluator, dated 24 January 2013. The reserves estimates of Ithaca are based on the Canadian Oil and Gas Evaluation Handbook ("**COGEH**") pursuant to Canadian National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities. The reserves estimates of Valiant are based on the 2007 SPE/AAPG/WPC/SPEE Petroleum Resource Management System which is not materially different from COGEH. The Ithaca reserves correspond to those in the Statement adjusted to reflect the increased Carna and Cook field equities acquired following the date of issue of the Statement and Ithaca management's estimate of MacCulloch field reserves. The Valiant reserves have been adjusted to reflect the increased Fionn field interest being transferred to Valiant by Antrim Resources (N.I.) Limited.

Disclosure requirements of the Takeover Code (the "Code")

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of Valiant or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified.

An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) Valiant; and (ii) any paper offeror(s).

An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th Business Day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of Valiant or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of Valiant or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of Valiant or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) Valiant; and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8.

A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of Valiant or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by Valiant and by any offeror and Dealing Disclosures must also be made by Valiant, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.

Publication of this announcement

A copy of this announcement will be made available, free of charge subject to certain restrictions relating to persons resident in Restricted Jurisdictions, at www.ithacaenergy.com and www.valiant-petroleum.com by no later than 12 noon (London time) on the Business Day following the date of this announcement.

Neither the content of any website referred to in this announcement nor the content of any website accessible from hyperlinks on Ithaca or Valiant's website (or any other website) is incorporated into, or forms part of, this announcement.

Rule 2.10 Disclosure

In accordance with Rule 2.10 of the Code, Ithaca confirms that it has 259,953,336 Ithaca Shares (without par value) in issue and listed on the Toronto Stock Exchange and admitted to trading on AIM under ISIN CA4656761042.

APPENDIX I
CONDITIONS AND FURTHER TERMS OF THE SCHEME AND THE ACQUISITION

PART A: Conditions of the Acquisition

1. The Acquisition will be conditional upon the Scheme becoming unconditional and becoming Effective by not later than 1 September 2013, or such later date (if any) as Ithaca Bidco and Valiant may, with the consent of the Panel (if required), agree and (if required) the Court may allow.
2. The Scheme will be conditional upon:
 - (a) (i) its approval by a majority in number, representing 75% or more in value, of Scheme Shareholders present, entitled to vote and voting, either in person or by proxy, at the Court Meeting (or at any adjournment of such meeting); and (ii) such Court Meeting being held on or before the date that is the twenty-second day after the expected date of the Court Meeting to be set out in the Scheme Document (or such later date as may be agreed by Ithaca Bidco and Valiant);
 - (b) (i) the special resolution required to approve and implement the Scheme (including, without limitation, to amend Valiant's articles of association) being duly passed by the requisite majority of Valiant Shareholders at the General Meeting (or at any adjournment of such meeting); and (ii) such General Meeting being held on or before the date that is the twenty-second day after the expected date of the General Meeting to be set out in the Scheme Document (or such later date as may be agreed by Ithaca Bidco and Valiant);
 - (c) the sanction of the Scheme and the confirmation of the Capital Reduction by the Court being obtained (in both cases with or without modification, any such modification being on terms acceptable to Valiant and Ithaca Bidco); and
 - (d) the delivery of office copies of the Court Order(s) and the requisite statement of capital to the Registrar of Companies and, if so ordered by the Court, the registration of the Court Order(s) and such statement of capital by the Registrar of Companies.
3. In addition, Ithaca Bidco and Valiant have agreed that the Acquisition is also conditional on the following conditions having been satisfied or, where applicable, waived and accordingly the necessary actions to make the Scheme Effective will not be taken unless such conditions have been so satisfied or waived:
 - (a) the London Stock Exchange having acknowledged to Ithaca or its agent (and such acknowledgement not having been withdrawn) that the Ithaca Consideration Shares will be admitted to trading on AIM;
 - (b) the Toronto Stock Exchange having confirmed acceptance of the listing of the Ithaca Consideration Shares on the Toronto Stock Exchange (and such acceptance not having been withdrawn), subject only to the satisfaction of customary conditions of the Toronto Stock Exchange;
 - (c) without prejudice to Conditions 3(e) or 3(f) below, Ithaca Bidco having obtained the consent of the Norwegian Ministry of Petroleum and Energy and the Norwegian Ministry of Finance to the change of control of the relevant Licensee or its ultimate holding company in accordance with the applicable laws and regulations of that territory;

- (d) without prejudice to Conditions 3(e) or 3(f) below, the Secretary of State for Energy and Climate Change not having indicated an intention to: (i) revoke or recommend the revocation of any exploration or production licence held by any member of the Wider Valiant Group (as defined below); or (ii) require a further change of control of any such member as a result of the Scheme becoming Effective;
- (e) no government or governmental, quasi-governmental, supranational, statutory, administrative or regulatory body, authority, court, trade agency, association, institution, environmental body or any other person or body in any jurisdiction (each a **“Relevant Authority”**) having decided to take, instituted, implemented or threatened any action, proceedings, suit, investigation, enquiry or reference, or made, proposed or enacted any statute, regulation, order or decision or taken any other steps and there not continuing to be outstanding any statute, regulation, order or decision, which would or might:
- (i) make the Acquisition or the acquisition of any Valiant Shares, or control of Valiant or any member of the Valiant Group, by Ithaca or any member of the Ithaca Group void, illegal and/or unenforceable under the laws of any jurisdiction or otherwise materially restrict, restrain, prohibit, delay or interfere with the implementation thereof, or impose material additional conditions or obligations with respect thereto, or require material amendment thereof or otherwise challenge or interfere therewith in any such case in a manner which is material in the context of the Acquisition;
- (ii) require or prevent the divestiture by any member of the Valiant Group or any company of which 20% or more of the voting capital is held by any member of the Valiant Group or any partnership, joint venture, firm or company in which any member of the Valiant Group may be interested (the **“Wider Valiant Group”**) or by any member of the Ithaca Group or any company of which 20% or more of the voting capital is held by any member of the Ithaca Group or any partnership, joint venture, firm or company in which any member of the Ithaca Group may be interested (the **“Wider Ithaca Group”**) of all or a material portion of their respective Businesses, assets or property or impose any material limitation on the ability of any of them to conduct their respective Businesses or own any of their material assets or property in any such case in a manner which is material in the context of the Acquisition;
- (iii) impose any limitation on or result in a delay in the ability of any member of the Wider Valiant Group or the Wider Ithaca Group to acquire or to hold or to exercise effectively any rights of ownership of shares or loans or securities convertible into shares in any member of the Wider Valiant Group or of the Wider Ithaca Group held or owned by it, or to exercise management control over any member of the Wider Valiant Group or of the Wider Ithaca Group to an extent which is material in the context of the Valiant Group taken as a whole or, as the case may be, the Ithaca Group taken as a whole;
- (iv) impose any limitation on the ability of any member of the Wider Ithaca Group or any member of the Wider Valiant Group to conduct, integrate or co-ordinate all or any part of their respective Businesses with all or any part of the Business of any other member of the Wider Ithaca Group and/or the Wider Valiant Group in a manner which is material in the context of the Acquisition;

- (v) prevent any member of the Wider Ithaca Group or the Wider Valiant Group from operating all or any part of their Businesses in any jurisdiction in which it currently does so to an extent which is material in the context of the Acquisition;
- (vi) require any member of the Wider Ithaca Group or the Wider Valiant Group to acquire or offer to acquire any shares or other securities (or the equivalent) in any member of the Wider Valiant Group or any asset owned by any third party where such acquisition would be material in the context of the Acquisition; or
- (vii) otherwise adversely affect the assets, Business, profits, financial or trading position or prospects of any member of the Wider Ithaca Group or of any member of the Wider Valiant Group in a manner which is material in the context of the Acquisition;

and all applicable waiting and other time periods (including any extensions thereof) during which any such Relevant Authority could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction in respect of the Acquisition or the acquisition of any Valiant Shares or otherwise intervene having expired, lapsed or been terminated;

- (f) all notifications, filings and applications which are reasonably necessary having been made, all applicable waiting periods (including any extensions thereof) under any applicable legislation or regulations of any jurisdiction having expired, lapsed or been terminated, in each case in respect of the Acquisition and the acquisition of any Valiant Shares, or of control of Valiant, by Ithaca Bidco, and all authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals ("**Authorisations**") which are reasonably necessary or appropriate in any jurisdiction for, or in respect of, the Acquisition and the proposed acquisition of any Valiant Shares, or of control of Valiant, by Ithaca Bidco and to carry on the Business of any member of the Wider Ithaca Group or of the Wider Valiant Group having been obtained, in terms and in a form satisfactory to Ithaca Bidco, from all appropriate Relevant Authorities or (without prejudice to the generality of the foregoing) from any persons or bodies with whom any member of the Wider Ithaca Group or the Wider Valiant Group has entered into contractual arrangements and all such Authorisations remaining in full force and effect as at the Effective Date and there being no intention or proposal to revoke, suspend or modify or not to renew any of the same and all necessary statutory or regulatory obligations in any jurisdiction having been complied with;
- (g) no temporary restraining order, preliminary or permanent injunction, preliminary or permanent enjoinder, or other order threatened or issued and being in effect by a Relevant Authority which has the effect of making the Acquisition or any acquisition or proposed acquisition of any Valiant Shares or control or management of, any member of the Wider Valiant Group by any member of the Wider Ithaca Group, or the implementation of either of them, void, voidable, illegal and/or unenforceable under the laws of any relevant jurisdiction, or otherwise directly or indirectly prohibiting, preventing, restraining, restricting, delaying or otherwise interfering with the consummation or the approval of the Acquisition or any matter arising from the proposed acquisition of any Valiant Shares, or control or management of, any member of the Wider Valiant Group by any member of the Wider Ithaca Group, in a manner which is material in the context of the Acquisition;

- (h) except as publicly announced by Valiant prior to the date of this announcement (by the delivery of an announcement to a Regulatory Information Service), there being no provision of any arrangement, agreement, licence, permit, franchise, lease, or other instrument to which any member of the Wider Valiant Group is a party or by or to which any such member or any of their assets is or may be bound, entitled or be subject to and which, in consequence of the Acquisition or the acquisition or proposed acquisition of any Valiant Shares, or because of a change in the control of Valiant by Ithaca Bidco or otherwise would or might, to an extent which is material in the context of the Acquisition, result in:
- (i) any monies borrowed by, or other indebtedness (actual or contingent) of, or grant available to, any member of the Wider Valiant Group being or becoming repayable or being capable of being declared immediately repayable or prior to its or their stated maturity or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or becoming capable of being withdrawn or inhibited;
 - (ii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the Business, property or assets of any member of the Wider Valiant Group or any such security (whenever arising or having arisen) being enforced or becoming enforceable;
 - (iii) any such arrangement, agreement, licence, permit or instrument of any member of the Wider Valiant Group being terminated or adversely modified or any obligation or liability arising or any action being taken of an adverse nature thereunder;
 - (iv) any assets of any member of the Wider Valiant Group being disposed of or charged, or any right arising under which any such asset could be required to be disposed of or charged, other than in the ordinary course of Business;
 - (v) the rights, liabilities, obligations, interests or Business of any member of the Wider Valiant Group in or with any firm or body or person, or any agreements or arrangements relating to such interest or Business, being terminated or adversely modified or affected;
 - (vi) any member of the Wider Valiant Group ceasing to be able to carry on Business under any name under which it presently does so;
 - (vii) the creation or acceleration of any liabilities (actual or contingent) by any member of the Wider Valiant Group;
 - (viii) except as agreed between Ithaca or Ithaca Bidco and Valiant, any liability of any member of the Wider Valiant Group to make any severance, termination, bonus or other payment to any of its directors or officers; or
 - (ix) the Business, assets, profits, financial or trading position of any member of the Wider Valiant Group being prejudiced or adversely affected;
- (i) except as publicly announced by Valiant prior to the date of this announcement (by the delivery of an announcement to a Regulatory Information Service), no member of the Wider Valiant Group having, since 30 June 2012:

- (i) issued, or agreed to issue or proposed the issue of additional shares or securities of any class, or securities convertible into, or exchangeable for or rights, warrants or options to subscribe for or acquire, any such shares, securities or convertible securities (save as between Valiant and wholly-owned subsidiaries of Valiant and save for options granted, and for any Valiant Shares allotted upon exercise of options granted under the Valiant Share Schemes before the date of this announcement in the ordinary course of Business or as agreed between Ithaca or Ithaca Bidco and Valiant), or redeemed, purchased or reduced any part of its share capital;
- (ii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise) other than to Valiant or a wholly-owned subsidiary of Valiant;
- (iii) agreed, authorised, proposed or announced its intention to propose any material change in its share or loan capital or merger or demerger or acquisition or disposal of assets (other than in the ordinary course of trading) or shares, other than as disclosed to Ithaca and Ithaca Bidco in connection with the Valiant Group intra-group reorganisation completed in December 2012;
- (iv) issued, authorised or proposed the issue of any debentures, or incurred any indebtedness or contingent liability which is material in the context of the Acquisition;
- (v) acquired or disposed of or transferred, mortgaged, charged or encumbered any asset or any right, title or interest in any asset (other than in the ordinary course of trading) in a manner which is material in the context of the Acquisition;
- (vi) entered into or varied or announced its intention to enter into or vary any contract, arrangement or commitment (whether in respect of capital expenditure or otherwise) which is of a long-term or unusual nature or involves or could involve an obligation of a nature or magnitude, which in any such case is material in the context of the Acquisition;
- (vii) entered into or proposed or announced its intention to enter into any reconstruction, amalgamation, scheme, transaction or arrangement (otherwise than in the ordinary course of Business) which is material in the context of the Acquisition;
- (viii) made any amendment to its articles of association or other constitutional documents, except as required in the context of the Scheme;
- (ix) entered into any licence or other disposal of intellectual property rights of any such member which are material in the context of the Acquisition;
- (x) taken any action nor having had any steps taken or legal proceedings started or threatened against it for its winding-up (voluntarily or otherwise) or dissolution or striking-off or for it to enter into any arrangement or composition for the benefit of its creditors, or for the appointment of a receiver, administrator, trustee or similar officer of all or any of its assets or revenues (or any analogous proceedings or appointment in any overseas jurisdiction);

- (xi) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its Business;
 - (xii) entered into or varied or made any offer to enter into or vary the terms of any service agreement or arrangement with any of the directors of Valiant, save in respect of the amendments to the terms of the service agreements of Michael Bonte-Friedheim (on 12 December 2012), Kevin Lyon (on 27 November 2012), and Peter Buchanan (on 2 November 2012);
 - (xiii) proposed, agreed to provide or modified the terms of any share option scheme, incentive agreement, pension scheme obligations or other benefit relating to employment or termination of employment of any employee of the Wider Valiant Group, except as agreed pursuant to the Co-operation Agreement;
 - (xiv) waived, compromised or settled any claim which is material in the context of the Acquisition; or
 - (xv) entered into or made an offer (which remains open for acceptance) to enter into any agreement, arrangement or commitment or passed any resolution with respect to any of the transactions or events referred to in this Condition 3(i);
- (j) since 30 June 2012, except as publicly announced by Valiant prior to the date of this announcement (by the delivery of an announcement to a Regulatory Information Service):
- (i) there having been no adverse change in the Business, assets, financial or trading position or profits or prospects of any member of the Wider Valiant Group which in any such case is material in the context of the Acquisition (a **“Material Adverse Change”**). It is agreed between Ithaca Bidco and Valiant that the occurrence of a Brent Failure Event shall constitute a Material Adverse Change notwithstanding any public announcement by Valiant prior to the date of this announcement or any other Condition;
 - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings having been instituted, announced or threatened by or against or remaining outstanding in respect of any member of the Wider Valiant Group (whether as claimant, defendant or otherwise) which in any such case is material in the context of the Acquisition;
 - (iii) no enquiry, review or investigation by or complaint or reference to any Relevant Authority against or in respect of any member of the Wider Valiant Group having been threatened, announced or instituted or remaining outstanding which in any such case is material in the context of the Acquisition;
 - (iv) no steps having been taken and no omissions having been made which would or might result in the withdrawal, cancellation, termination or adverse modification of any licence or insurance policy held by any member of the Wider Valiant Group which is necessary for the proper carrying on of its Business which in any such case is material in the context of the Acquisition;

- (v) no contingent or other liability having arisen, increased or been incurred which might reasonably be expected to adversely affect any member of the Valiant Group in a manner which is material in the context of the Acquisition; and
- (k) save as publicly announced by Valiant prior to the date of this announcement (by the delivery of an announcement to a Regulatory Information Service), Ithaca and Ithaca Bidco not having discovered that:
- (i) the financial, Business or other information concerning the Wider Valiant Group which has been disclosed at any time by or on behalf of any member of the Wider Valiant Group whether publicly (by the delivery of an announcement to a Regulatory Information Service) or to Ithaca Bidco or its professional advisers, either contains a material misrepresentation of fact or omits to state a fact necessary to make the information contained therein not materially misleading in any such case in a manner which is material in the context of the Acquisition;
 - (ii) any member of the Wider Valiant Group is subject to any liability, contingent or otherwise, which is not disclosed in the annual report and accounts of Valiant for the financial year ended 31 December 2011 or in the interim report for the six months ended 30 June 2012 and which is material in the context of the Acquisition;
 - (iii) any past or present member of the Wider Valiant Group has not complied with all applicable legislation or regulations of any jurisdiction or any notice or requirement of any Relevant Authority with regard to the storage, disposal, discharge, spillage, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health which non-compliance would be likely to give rise to any liability (whether actual or contingent) on the part of any member of the Wider Valiant Group which is material in the context of the Acquisition;
 - (iv) there has been a disposal, spillage, emission, discharge or leak of waste or hazardous substance or any substance likely to impair the environment or harm human health on, or from, any land or other asset now or previously owned, occupied or made use of by any past or present member of the Wider Valiant Group, or in which any such member may now or previously have had an interest, which would be likely to give rise to any liability (whether actual or contingent) on the part of any member of the Wider Valiant Group in any such case in a manner which is material in the context of the Acquisition;
 - (v) there is or is likely to be any material obligation or liability (whether actual or contingent) to make good, remediate, repair, reinstate or clean up any property or asset now or previously owned, occupied or made use of by any past or present member of the Wider Valiant Group or in which any such member may now or previously have had an interest under any environmental legislation or regulation or notice, circular or order of any Relevant Authority in any jurisdiction in any such case in a manner which is material in the context of the Acquisition, other than any obligation or liability which is not disclosed in the annual report and accounts of Valiant for the financial year ended 31 December 2011 or in the interim report of Valiant for the six months ended 30 June 2012, relating to any liability under Part IV of the Petroleum Act 1998 for an asset owned or formerly owned by the Wider Valiant Group;

- (vi) circumstances exist (whether as a result of the Acquisition or otherwise) which would be reasonably likely to lead to any Relevant Authority instituting, or whereby any member of the Wider Ithaca Group or any present or past member of the Wider Valiant Group would be likely to be required to institute, an environmental audit or take any other steps which would in any such case be reasonably likely to result in any liability (whether actual or contingent) to improve, modify existing or install new plant, machinery or equipment or carry out changes in the processes currently carried out or make good, remediate, repair, re-instate, decommission or clean up any land or other asset currently or previously owned, occupied, operated or made use of or controlled by any past or present member of the Wider Valiant Group (or on its behalf) or by any person for which a member of the Wider Valiant Group is or has been responsible, or in which any such member may have or previously has had or is deemed to have had an interest, in any such case which is material in the context of the Acquisition;
- (vii) circumstances exist whereby a person or class of persons would be likely to have any claim or claims in respect of any product or process of manufacture or materials used therein now or previously manufactured, sold or carried out by any past or present member of the Wider Valiant Group, which claim or claims would be likely to affect adversely any member of the Wider Valiant Group to an extent which is material in the context of the Acquisition;
- (viii) there are no adequate procedures in place to prevent persons associated with Valiant from engaging in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010 or any other applicable anti-corruption legislation; and
- (ix) any asset of any member of the Wider Valiant Group constitutes criminal property as defined in section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition) to an extent which is material in the context of the Acquisition.

Conditions 3(c) to (k) inclusive must be fulfilled, be determined by Ithaca Bidco to be or remain satisfied or (if capable of waiver) be waived by Ithaca Bidco by 11.59 p.m. on the date immediately preceding the Court Hearing, failing which the Scheme shall lapse.

To the extent permitted by law and subject to the requirements of the Panel, Ithaca Bidco reserves the right to waive all or any of Conditions 3(c) to (k), in whole or in part. Ithaca Bidco shall be under no obligation to waive or treat as fulfilled any of Conditions 3(c) to (k) by a date earlier than the date specified above in Condition 1 for the fulfilment thereof notwithstanding that the other Conditions of the Acquisition may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.

Save with the consent of the Panel, the Scheme will not proceed if the European Commission either initiates proceedings under Article 6(1)(c) of Council Regulation (EEC) 4064/89 (the "Regulation") or makes a referral to a competent authority of the United Kingdom under Article 9(1) of the Regulation and there is then a reference to the Competition Commission or there is a reference to the Competition Commission before the date of the Court Meeting. In such event, neither Valiant, Ithaca Bidco nor any Valiant Shareholder will be bound by any term of the Scheme.

PART B

Certain further terms of the Acquisition

- (a) Ithaca Bidco reserves the right to elect, with the consent of the Valiant Board (save that Ithaca Bidco need not obtain the consent of the Valiant Board if the election is made within ten days of the date a firm intention to announce an offer for the entire issued and to be issued share capital of Valiant is announced by a third party), to implement the Acquisition by way of a Takeover Offer. In such event, such offer will (unless otherwise determined by Ithaca Bidco and subject to the consent of the Panel) be effected on the same terms and conditions subject to appropriate amendments to reflect the change in method of effecting the Acquisition, which may include changing the consideration structure under the terms of the Acquisition and (without limitation and subject to the consent of the Panel) an acceptance condition set at 90% (or such lesser percentage, being more than 50% as Ithaca Bidco may decide), of the voting rights then exercisable at a general meeting of Valiant, including, for this purpose, any such voting rights attaching to Valiant Shares that are unconditionally allotted or issued, and to any Treasury Shares which are unconditionally transferred or sold by Valiant, before the Takeover Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise.
- (b) If Ithaca Bidco is required by the Panel to make an offer for Valiant Shares under the provisions of Rule 9 of the Code, Ithaca Bidco may make such alterations to any of the above conditions as are necessary to comply with the provisions of that Rule.
- (c) The Acquisition and the Scheme and any dispute or claim arising out of, or in connection with, them (whether contractual or non-contractual in nature) will be governed by English law and will be subject to the exclusive jurisdiction of the Courts of England.
- (d) Save to the extent cancelled pursuant to the Scheme, the Valiant Shares will be acquired under the Acquisition fully paid and free from all liens, charges and encumbrances, rights of pre-emption and any other third party rights of any nature whatsoever and together with all rights attaching thereto, including the right to receive and retain all dividends and other distributions declared, paid or made after the date of this announcement. If any dividend or other distribution or return of capital is proposed, declared, made, paid or becomes payable by Valiant in respect of a Valiant Share on or after the date of this announcement and prior to the Scheme becoming Effective, Ithaca Bidco reserves the right to reduce the value of the consideration payable for each Valiant Share under the Acquisition by up to the amount per Valiant Share of such dividend, distribution or return of capital except where the Valiant Share is or will be acquired pursuant to the Acquisition on a basis which entitled Ithaca Bidco to receive the dividend and/or distribution and/or return of capital and to retain it.
- (e) The availability of the Ithaca Consideration Shares to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.
- (f) The Ithaca Consideration Shares to be issued under the Scheme will be issued credited as fully paid and will rank equally in all respects with the existing Ithaca Shares, including the right to receive in full all dividends and other distributions, if any, declared, made or paid by reference to a record date falling after the Effective Date.

- (g) Fractions of Ithaca Consideration Shares will not be allotted to Valiant Shareholders pursuant to the Acquisition. However, the entitlements of Valiant Shareholders will be rounded up or down (with 0.5 of an Ithaca Consideration Share being rounded up) to the nearest whole number of Ithaca Consideration Shares.

APPENDIX II
SOURCES OF INFORMATION AND BASES OF CALCULATION

In this announcement:

- (a) as at the close of Business on 28 February 2013, being the last Business Day prior to the date of this announcement, Ithaca had in issue 259,953,336 Ithaca Shares and Valiant had in issue 40,945,225 Valiant Shares. The ISIN for Ithaca Shares is CA4656761042 and for Valiant Shares is GB00B2NJD643;
- (b) the value placed on the issued and to be issued share capital of Valiant (approximately £203 million) is based on 40,945,225 Valiant Shares in issue on 28 February 2013, being the last Business Day prior to the date of this announcement, and options being exercised prior to the Scheme Record Time, together with LTIP shares to be issued, in respect of a further 1,919,149 new Valiant Shares;
- (c) the closing share price of Ithaca Shares of C\$1.97 (126 pence) on 28 February 2013, being the last Business Day prior to the date of this announcement, is derived from Bloomberg;
- (d) the closing share price of Valiant Shares of 346.5 pence on 28 February 2013, being the last Business Day prior to the date of this announcement, is derived from Bloomberg;
- (e) unless otherwise stated, the financial information relating to Valiant is extracted or derived from the annual report and accounts of Valiant for the financial year ended 31 December 2011 and the interim report of Valiant for the six months ended 30 June 2012 (without any adjustment);
- (f) unless otherwise stated, the financial information relating to Ithaca is extracted or derived from the annual report and accounts of Ithaca for the financial year ended 31 December 2011 (without any adjustment);
- (g) the exchange rate between Canadian Dollars and UK Sterling of 1.5620 at 5.00 p.m. on 28 February 2013, being the last Business Day prior to the date of this announcement, is derived from Bloomberg; and
- (h) the exchange rate between US Dollars and UK Sterling of 1.5188 at 5.00 p.m. on 28 February 2013, being the last Business Day prior to the date of this announcement, is derived from Bloomberg.

APPENDIX III
IRREVOCABLE UNDERTAKINGS AND LETTERS OF INTENT

Details of irrevocable undertakings

Ithaca Bidco has received irrevocable undertakings to vote in favour of the Scheme and the resolutions at the Court Meeting and the General Meeting in respect of a total of 2,537,695 Valiant Shares, representing, in aggregate, approximately 6.20% of Valiant's existing issued share capital, comprised as follows:

- (a) from the Valiant Directors in respect of their entire beneficial holdings. Those holdings amount to 433,695 Valiant Shares, representing, in aggregate, approximately 1.06% of the existing issued share capital of Valiant. These irrevocable undertakings do not lapse in the event of a higher competing offer being made for Valiant; and
- (b) from Artemis Investment Management LLP in respect of its entire holding of 2,104,000 Valiant Shares, representing approximately 5.14% of the existing issued share capital of Valiant. This undertaking will cease to be binding if a third party makes a proposal to acquire the whole of the issued and to be issued share capital of Valiant on terms which represent (in the reasonable opinion of Cenkos) an improvement of 10% on the consideration payable to Valiant Shareholders pursuant to the terms of the Acquisition.

Details of letters of intent

In addition, Ithaca Bidco has also received non-binding letters of intent to vote in favour of the Scheme and the resolutions at the Court Meeting and the General Meeting in respect of a total of 14,392,784 Valiant Shares, representing, in aggregate, approximately 35.15% of Valiant's existing issued share capital, comprised as follows:

- (a) from AXA Investment Managers UK Limited, in respect of 5,582,436 Valiant Shares, representing 13.63% of the existing issued share capital of Valiant;
- (b) from GLG Partners LP, in respect of 4,025,585 Valiant Shares, representing 9.83% of the existing issued share capital of Valiant;
- (c) from Praxient Capital LLP, in respect of 2,717,137 Valiant Shares, representing 6.64% of the existing issued share capital of Valiant; and
- (d) from Aviva Investors Global Services Limited, in respect of 2,067,626 Valiant Shares, representing 5.05% of the existing issued share capital of Valiant.

APPENDIX IV DEFINITIONS

The following definitions apply throughout this announcement unless the context requires otherwise:

“2P”	proven and probable
“Acquisition”	the recommended acquisition by Ithaca Bidco of the entire issued and to be issued share capital of Valiant, to be effected by means of the Scheme (or if Ithaca Bidco validly elects in accordance with the condition in paragraph (a) of Part B of Appendix I, by means of a Takeover Offer) on and subject to the Conditions
“AIM”	AIM, a market operated by the London Stock Exchange
“Brent Failure Event”	<p>the Brent System failing to function or being materially restricted (for any reason other than a planned shutdown) on the Business Day immediately preceding the Scheme Record Time and Valiant having been formally notified by the relevant Operator of the same (or where Valiant is aware of the same from its daily production reports from SVT) and:</p> <ul style="list-style-type: none">a. such failure to function or such restriction is unlikely to be remedied for a period of four months commencing on the Business Day immediately preceding the Scheme Record Time provided the same can be ascertained from and validated by reference to the relevant Operator’s opinion or estimates; orb. where such relevant Operator’s opinion or estimates as described in (a) above are not available on the Business Day immediately preceding the Scheme Record Time, the Brent Failure Event shall be deemed to have occurred if:<ul style="list-style-type: none">(i) Valiant Production during the 30 calendar days prior to the Scheme Record Time is on average (excluding any day(s) on which a planned shutdown occurs) less than 5,400 barrels per day; unless(ii) Valiant can provide third party expert opinions or estimates from reputable independent experts qualified to opine on matters related to North Sea oil and gas production issues who have been engaged by Valiant (or the relevant Operator, where such report is shared with Valiant) to

provide such an opinion/estimate having been provided with all facts and information available to Valiant in order to make such determination which demonstrate that production from the Dons fields facilities and the Causeway fields facilities will, or is reasonably likely to, be restored to a level where Valiant Production is not less than 5,400 barrels per day, within a period of four months commencing on the Business Day immediately preceding the Scheme Record Time

“Brent System”	the offshore storage and pumping station on the platform known as “Cormorant Alpha” and the pipeline extending from the Cormorant Alpha platform up to and including the insulating flange where such pipeline joins the scraper trap at the SVT
“Business Day”	any day (excluding any day which is a Saturday, Sunday or public holiday in England and Wales) on which banks in the City of London are open for general banking Business
“Canada”	Canada, its provinces and territories and all areas subject to its jurisdiction and any political sub-division thereof
“Capital Reduction”	the proposed reduction of the ordinary share capital of Valiant provided for in the Scheme under section 641 of the Companies Act
“Cenkos”	Cenkos Securities plc
“Closing Price”	the closing middle market quotation of a Valiant Share or an Ithaca Share (as appropriate) as derived from the AIM appendix to the Daily Official List
“Code”	the City Code on Takeovers and Mergers
“Combined Group”	the Ithaca Group and the Valiant Group following completion of the Acquisition
“Companies Act”	the Companies Act 2006
“Competing Offer”	an offer (as defined in the Code) (whether or not on a pre-conditional basis) for the entire issued and to be issued share capital of Valiant which is or has been announced, made or entered into by a person (other than Ithaca Bidco and/or Ithaca) who is not acting in concert (as defined in the Code) with Ithaca Bidco and/or Ithaca
“Conditions”	the conditions to the implementation of the Scheme as set

out in Appendix I to this announcement and to be set out in the Scheme Document

“Co-operation Agreement”	the co-operation agreement dated 1 March 2013 entered into between Ithaca, Ithaca Bidco and Valiant
“Court”	Her Majesty's High Court of Justice in England and Wales
“Court Hearing”	the hearing of the Court to sanction the Scheme
“Court Meeting”	the meeting of Scheme Shareholders to be convened pursuant to an order of the Court under Part 26 of the Companies Act for the purposing of considering and, if thought fit, approving the Scheme (with or without amendment) including any adjournment thereof
“Court Order(s)”	the order(s) of the Court sanctioning the Scheme and confirming the Capital Reduction under the Companies Act
“CREST”	the relevant system, as defined in the Uncertificated Securities Regulations 2001 (SI 2011/3755, as amended), for paperless settlement of share transfers and the holding of shares in uncertificated form (in respect of which Euroclear UK & Ireland Limited is the operator)
“Daily Official List”	the daily record setting out the prices of all trades in shares and other securities conducted on the London Stock Exchange, published by the London Stock Exchange
“Dealing Disclosure”	has the same meaning as in Rule 8 of the Code
“Effective”	the Scheme having become effective pursuant to its terms
“Effective Date”	the date on which the Scheme becomes effective in accordance with its terms
“Forms of Proxy”	the forms of proxy for the Court Meeting and the General Meeting
“FSA”	the United Kingdom Financial Services Authority and any successor or replacement regulatory body or bodies
“FSMA”	the Financial Services and Markets Act 2000 and any subordinate legislation made under it, or any applicable successor or replacement regulatory regime in the UK
“General Meeting”	the general meeting of Valiant Shareholders to be convened in connection with the Scheme (including any adjournment thereof)
“Ithaca”	Ithaca Energy Inc.

“Ithaca Bidco”	Ithaca Energy Holdings (UK) Limited
“Ithaca Consideration Shares”	the Ithaca Shares to be issued pursuant to the Acquisition
“Ithaca Group”	Ithaca and its subsidiary undertakings
“Ithaca Shares”	common shares in the capital of Ithaca, without nominal or par value
“kboe/d”	thousand barrels of oil equivalent per day
“Licensee”	means any member of the Valiant Group that, as at the date of this announcement, is the legal or beneficial owner of the rights under any exploration or production licence issued by the granting authority of Norway
“London Stock Exchange”	London Stock Exchange plc
“LTIP”	the Valiant Petroleum Long-Term Incentive Plan
“MMboe”	millions barrels of oil equivalent
“MMboe/d”	millions barrels of oil equivalent per day
“MMstb”	million stock tank barrels
“Morgan Stanley”	Morgan Stanley & Co. Limited
“Opening Position Disclosure”	has the same meaning as in Rule 8 of the Code
“Option Schemes”	the Valiant Petroleum Limited Share Option Scheme (including the terms of the Enterprise Management Incentive agreements and the terms of the unapproved agreements), the Valiant Petroleum plc Share Option Scheme and the Valiant Petroleum plc Non-Executive Share Option Scheme
“Oriel”	Oriel Securities Limited
“Overseas Shareholders”	Scheme Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom
“Panel”	the Panel on Takeovers and Mergers
“Registrar of Companies”	the Registrar of Companies in England and Wales
“Regulatory Information Service”	any information service authorised from time to time by the FSA for the purpose of disseminating regulatory announcements
“Restricted Jurisdiction”	any jurisdiction where local laws or regulations may result in

a significant risk of civil, regulatory or criminal exposure if information concerning the Acquisition is sent or made available to Valiant Shareholders in that jurisdiction

“Scheme”

the scheme of arrangement proposed to be made under Part 26 of the Companies Act between Valiant and the Scheme Shareholders in connection with the Acquisition, the full terms of which will be set out in the Scheme Document, with, or subject to, any amendment, modification or condition which Valiant and Ithaca Bidco agree, and if required, the Court may approve or impose

“Scheme Document”

the formal document to be sent to Valiant Shareholders containing, among other things, the Scheme, the terms and conditions of the Acquisition and the notices convening the Court Meeting and General Meeting

“Scheme Record Time”

anticipated to be 6.00 p.m. on the Business Day immediately preceding the date of the Court Hearing

“Scheme Shareholders”

holders of Scheme Shares

“Scheme Shares”

Valiant Shares:

- c. in issue as at the date of the Scheme Document and which remain in issue at the Scheme Record Time;
- d. (if any) issued after the date of the Scheme Document and prior to the Scheme Voting Record Time and which remain in issue at the Scheme Record Time; or
- e. (if any) issued at or after the Scheme Voting Record Time but at or prior to the Scheme Record Time either on terms that the original or any subsequent holders thereof shall be bound by the Scheme and/or in respect of which the original or any subsequent holders thereof are, or shall have agreed in writing to be, bound by the Scheme, and, in each case, which remain in issue at the Scheme Record Time

in each case, excluding any Valiant Shares of which any member of the Ithaca Group is the holder or in which any member of the Ithaca Group is beneficially interested

“Scheme Voting Record Time”

the time and date specified in the Scheme Document by reference to which entitlement to vote on the Scheme will be determined

“SVT”

the petroleum receiving, treatment, storage and tanker loading complex located at Sullom Voe, Shetland

“Takeover Offer”	has the meaning given to it in Part 28 of the Companies Act
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia, and all other areas subject to its jurisdiction
“Valiant”	Valiant Petroleum plc
“Valiant Board”	the board of directors of Valiant
“Valiant Directors”	Kevin Lyon (Non-Executive Chairman), Mark Lewis (Chief Financial Officer), Sandy Shaw (Director Corporate & Commercial), Paul Mann (Chief Operating Officer), Michael Bonte-Friedheim (Non-Executive Director and Acting Chief Executive Officer), Jannik Lindbæk (Non-Executive Director), Philip Vingoe (Non-Executive Director) and Steve Horton (Non-Executive Director) and “Valiant Director” means any one of them, but does not include Peter Buchanan (Chief Executive Officer)
“Valiant Group”	Valiant and its subsidiary undertakings
“Valiant Production”	net production attributable to the Valiant Group at the SVT (as allocated under the relevant SVT tariff agreement and evidenced by relevant daily SVT production reports) from the Dons fields facilities and the Causeway fields facilities
“Valiant Shareholders”	holders of Valiant Shares
“Valiant Share Schemes”	the LTIP and the Option Schemes
“Valiant Shares”	ordinary shares of £0.02555556 each in the capital of Valiant

For the purposes of this announcement, **“subsidiary”**, **“subsidiary undertaking”**, **“undertaking”** and **“associated undertaking”** have the respective meanings given thereto by the Companies Act.

All references to **“pounds”**, **“pounds Sterling”**, **“Sterling”**, **“£”**, **“pence”**, **“penny”** and **“p”** are to the lawful currency of the United Kingdom.

All references to **“C\$”** and **“Canadian Dollars”** are to the lawful currency of Canada.

All references to **“US\$”** and **“US Dollars”** are to the lawful currency of the United States.

Unless otherwise stated, all times referred to in this announcement are references to the time in London.

Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

Reference to the singular shall include the plural and vice versa.