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ITERATION ENERGY ANNOUNCES FILING OF PRELIMINARY PROSPECTUS FOR \$50 MILLION BOUGHT DEAL FINANCING AND PROVIDES CREDIT FACILITY UPDATE

(All amounts are in Canadian dollars, unless stated otherwise)

CALGARY, April 21, 2009/CNW/ - Iteration Energy Ltd. (TSX-ITX) ("Iteration" or the "Company") announced today that it filed a preliminary prospectus in respect of the previously announced bought deal prospectus offering of 39,100,000 common shares ("Common Shares") at an issue price of \$1.28 per Common Share for gross proceeds of approximately \$50 million (the "Offering") through a syndicate of underwriters led by Cormark Securities Inc. and including FirstEnergy Capital Corp., Peters & Co. Limited, CIBC World Markets Inc., Scotia Capital Inc. and Wellington West Capital Markets Inc. (the "Underwriters").

Iteration has also granted the Underwriters an option (the "Over-Allotment Option") to purchase up to an additional 5,865,000 Common Shares to cover over-allotment, if any, for additional gross proceeds of up to approximately \$7.5 million. The Over-Allotment Option is exercisable in whole or in part for a period of 30 days following closing of the Offering.

Credit Facility Update

On April 14, 2009, the Company provided an update in respect of its negotiation of a renewal of its credit facilities. The Company currently has credit facilities in the amount of \$300 million, consisting of a \$260 million revolving term facility, a \$15 million working capital revolving facility and a \$25 million supplemental facility with a syndicate of four Canadian chartered banks which are secured by a \$500 million fixed and floating charge debenture and which mature on April 30, 2009. The maturity date of the revolving term facility may be extended for a period of 364 days, if requested by the Company and accepted by the lenders. If not extended, the Company is required to repay the amounts outstanding under the revolving term facility by April 30, 2010 and the amounts outstanding under the supplemental facility upon demand. As at April 17, 2009, an aggregate of approximately \$287 million was outstanding under the credit facilities. The Company's net debt, including the amount outstanding under the credit facilities and working capital, is estimated to be in the range of \$285 to \$290 million as at April 17, 2009. Assuming the net proceeds from the Offering (excluding proceeds from the Over-Allotment Option) are used to reduce the credit facilities as planned, the Company's net debt, including the amount outstanding under the credit facilities and working capital, is expected to be approximately \$230 million as at June 30, 2009.

Iteration is currently in the process of negotiating a renewal of its credit facilities. To the extent such negotiations are not acceptable to the Company, the Company is concurrently negotiating replacement credit facilities, which may include a combination of existing and new lenders, and also a 30 day extension of the current facilities to accommodate such replacement facilities. A current proposal being considered with existing and new lenders is a facility of at least \$260 million.

The Company intends to initially use the net proceeds of the Offering to reduce indebtedness under its current credit facilities, including the repayment, in full, of the \$25 million supplemental facility. The Company may subsequently decide to use a portion of the net proceeds to fund certain capital expenditures, including additional drilling to take advantage of Alberta incentive credits, or acquisitions. These additional capital expenditures will only be made provided the Company can maintain prudent debt levels based on projected commodity prices and prevailing market conditions.

The Offering is scheduled to close on or about May 6, 2009 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals, including the approval of the Toronto Stock

Exchange.. The Underwriting Agreement provides that the closing of the Offering is contingent on the Underwriters receiving evidence satisfactory to the Underwriters, acting reasonably, that the Company has credit facilities available on substantially the basis as set forth in the preliminary short form prospectus or, in the event the Company has filed a final short form prospectus, the final short form prospectus.

The securities offered have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

For further information, please contact:

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ADVISORY: This press release contains forward looking statements, including statements concerning completion of the Offering, successful negotiation of a renewal of its credit facilities or of replacement facilities, drilling plans, capital programs, debt, closing date of the Offering and the anticipated use of the net proceeds of the Offering. Although Iteration believes that the expectations reflected in these forward looking statements are reasonable, undue reliance should not be placed on them because Iteration can give no assurance that they will prove to be correct. Since forward looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. The closing of the Offering could be delayed if Iteration is not able to obtain the necessary regulatory and stock exchange approvals on the timelines it has planned. The Offering will not be completed at all if these approvals are not obtained or some other condition to the closing is not satisfied. Accordingly, there is a risk that any proposed acquisition or offering will not be completed within the anticipated time or at all. The intended use of the net proceeds of the Offering by Iteration might change if the board of directors of Iteration determines that it would be in the best interests of Iteration to deploy the proceeds for some other purpose. There can be no assurance that the credit facility will be renewed or, if renewed, on terms satisfactory to the Company or on terms contemplated in the press release. The forward-looking statements contained in this press release are based on the Company's current beliefs as well as assumptions made by, and information currently available to, the Company. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks that forward-looking statements will not be achieved. These factors may be found under the heading "Risk Factors" in the Company's Annual Information Form for the year ended December 31, 2008, a copy of which is available at www.sedar.com. The forward looking statements contained in this press release are made as of the date hereof and Iteration undertakes no obligations to update publicly or revise any forward looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

The Toronto Stock Exchange has neither approved nor disapproved the contents of this press release.