

Not for Distribution to U.S. Newswire Services or for Dissemination in the United States

## **Ithaca Energy**

### **Announces major new initiative to develop the Athena Field**

**London, UK - Calgary, Canada, 29<sup>th</sup> May 2008** - Ithaca Energy Inc (“**Ithaca Energy**”) (TSX Venture: **IAE**, LSE AIM: **IAE**) and its wholly owned subsidiary, Ithaca Energy (UK) Limited, is pleased to announce that it has entered into an exclusivity agreement with Bluewater Energy Services BV (“**Bluewater**”) to develop the Athena Field using the Uisge Gorm Floating Production, Storage and Offloading vessel (FPSO).

Developing the field using an FPSO offers a significant reduction in capital outlay of approximately US\$200 million and accelerates first oil production from Athena by up to 1 year, as compared to a sub-sea tie-back to the Talisman operated Claymore facility that the Company had previously explored. In addition, an FPSO can accommodate higher flow rates allowing more rapid depletion of the field and provides Ithaca Energy with control of its own destiny in design, execution and timing of the project. Ithaca Energy anticipates that initial production should be realized at the end of 2009 at an approximate rate of 21,000 barrels per day, gross.

The agreement with Bluewater provides for an exclusivity period of 90 days in which to finalize engineering and negotiation of a detailed contract under terms already agreed. Bluewater will modify the FPSO, and then deploy it at the Athena Field from late 2009.

Ithaca Energy is the operator and holds a 70% working interest in the Athena field, with partners EWE Akteingesellschaft (EWE) holding 20% and Zeus Petroleum holding 10%.

#### **Commenting on the agreement, Ithaca Energy COO, Iain McKendrick said:**

“This is an excellent opportunity for the Athena Partnership to significantly improve the field economics. Securing this agreement is an example of how the new generation of North Sea oil companies can react quickly when opportunities present themselves. The immediate availability of the FPSO and the fact that its capabilities are already very well suited to the Athena Field make it an excellent opportunity for us. We are looking forward to working with Bluewater to bring the field on stream before the end of 2009.”

#### **Lawrie Payne, Ithaca Energy CEO, added:**

“This agreement represents a major step towards meeting our targets for one of Ithaca Energy’s most valuable assets.”

#### **READER ADVISORY**

This news release contains certain forward-looking statements, including all statements which address activities, events or developments that Ithaca Energy expects, believes or anticipates will or may occur in the future. Such forward looking statements involve substantial known and unknown risks and uncertainties, certain of which are beyond Ithaca Energy’s control and which are based on various assumptions (including assumptions with respect to (i) availability of funds; and (ii) future capital expenditures) which may prove incorrect. Such risks and uncertainties include, without limitation the impact of general economic conditions in the areas in which Ithaca Energy operates, civil

unrest, industry conditions, changes in laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in commodity prices, foreign exchange or interest rates, stock market volatility and obtaining required approvals of regulatory authorities. **Please refer to the company's Annual Information Form for the year ended December 31<sup>st</sup>, 2007 and dated April 30<sup>th</sup>, 2008 and available for viewing at [www.sedar.com](http://www.sedar.com), for a list of additional risk factors.** Ithaca Energy's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Ithaca Energy will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive. All subsequent forward-looking statements, whether written or oral, attributable to Ithaca Energy or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this news release are made as at the date of this news release and Ithaca Energy does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

In accordance with AIM Guidelines, Lawrie Payne, MA Marine Geology (Alberta & Columbia) and CEO of Ithaca Energy is the qualified person that has reviewed the technical information contained in this press release.

#### **ENQUIRIES:**

##### **Ithaca Energy**

Lawrie Payne, President and CEO  
Steven Turner, Chief Financial Officer  
Iain McKendrick, Chief Operating Officer

[lpayne@ithacaenergy.com](mailto:lpayne@ithacaenergy.com)  
[sturner@ithacaenergy.com](mailto:sturner@ithacaenergy.com)  
[imckendrick@ithacaenergy.com](mailto:imckendrick@ithacaenergy.com)

+44 (0) 207 590 3027  
+44 (0) 1224 638 582  
+ 44 (0) 1224 650261

##### **Pelham Public Relations**

Charles Vivian  
Phillip Dennis

[charles.vivian@pelhampr.com](mailto:charles.vivian@pelhampr.com)  
[philip.dennis@pelhampr.com](mailto:philip.dennis@pelhampr.com)

+44 (0) 207 743 6672  
+44 (0) 207 743 6363

##### **Nabarro Wells & Co Limited**

Marc Cramsie

[ithaca@nabarro-wells.co.uk](mailto:ithaca@nabarro-wells.co.uk)

+44 (0) 207 634 4705