



NEWS RELEASE

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Ithaca Energy Announces Proposed Financing

London, UK - Calgary, Canada, 31th July 2008 – Ithaca Energy Inc (“**Ithaca Energy**” or the “**Company**”) (TSX Venture: **IAE**, LSE AIM: **IAE**), an independent oil & gas company with exploration and development assets in the UK sector of the North Sea, announced today that it has priced its previously reported equity financing. The Company will issue 50 million common shares at a price of \$1.50 per common share for gross proceeds of US\$75,000,000. The offering is expected to close on or about August 11, 2008.

The Shares are being offered in all of the provinces of Canada (excluding Quebec) by way of short form prospectus and in the United Kingdom and the United States on a private placement basis.

The Company intends to use the net proceeds of the Offering to fund ongoing Jacky and Athena project development, the completion of the Beatrice and Stella acquisitions and for general working capital purposes. It is anticipated that this financing, combined with the recently announced \$240m bank financing, will be sufficient to fund the company through to first production from its Jacky project at the end of this year as well as from its Athena project at the end of 2009.

Closing of the Offering is subject to certain conditions, including, but not limited to, receipt of all necessary securities regulatory approvals (including the approval of the TSX Venture Exchange Inc.).

This news release shall not constitute an offer to sell or the solicitation of any offer to buy the securities in any jurisdiction. The Shares will not be registered under US Securities Act of 1933, as amended, and may not be offered or sold in the United States, absent registration or an applicable exemption from registration requirements.

This news release shall not constitute an offer to sell or the solicitation of any offer to buy the securities in any jurisdiction. The common shares may be offered or sold in other eligible foreign jurisdictions and to U.S. buyers on a private placement basis pursuant to an applicable exemption from registration requirements in Rule 144-A or Regulation D of the United States Securities Act of 1933, as amended.

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Some of the statements in this announcement are forward-looking. Forward-looking statements include statements regarding the intent, belief and current expectations of Ithaca Energy Inc. or its officers with respect to various matters. When used in this announcement, the words “expects,” “believes,” “anticipates,” “plans,” “may,” “will,” “should” and similar expressions, and the negatives thereof, are intended to identify forward-looking statements. Such statements are not promises or guarantees, and are subject to risks and uncertainties that could cause actual outcome to differ materially from those suggested by any such statements. These forward-looking statements speak only as of the date of this announcement. Ithaca Energy Inc. expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based except as required by applicable securities laws.

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

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