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**ITHACA ENERGY INC.
ANNOUNCES CLOSING OF C\$59.5 MILLION FINANCING**

LONDON, U.K. - CALGARY, ALBERTA, June 5, 2006 -- Ithaca Energy Inc. ("Ithaca" or the "Company") an oil and gas company focused on the exploration and development of resources in the United Kingdom North Sea, today announces the closing of an equity financing of common shares at C\$2.10 per share (£1.00 per share) for aggregate gross proceeds of approximately C\$59.5 million (approximately £28.3 million).

Ithaca has a diversified portfolio of North Sea assets. Lawrie Payne, Chief Executive Officer of Ithaca, commented that "The funds raised through this offering will enable the further appraisal and development of Ithaca's properties in the North Sea".

Research Capital Corporation and CIBC World Markets Inc. acted as agents to the Company in its offering in Canada. Jefferies International Limited and Mirabaud Securities Limited acted as brokers in London.

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Forward-looking statements

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

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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.

June 5, 2006

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