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ITHACA ENERGY INC.

£28 MILLION (C\$59 MILLION) FINANCING AND DUAL LISTING

LONDON, U.K. - CALGARY, ALBERTA, June 6, 2006 -- Ithaca Energy Inc. ("Ithaca" or the "Company") (LSE-AIM: IAE, TSX-V: IAE), 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 approximately £28.3 million (C\$59.5 million) and its listing on the London Stock Exchange's AIM ("AIM") market, following its admission yesterday on the TSX Venture Exchange in Canada, under the ticker symbol IAE.

Ithaca's diversified portfolio of North Sea assets, together with a management strategy focused on the appraisal and development of existing oil and gas discoveries as well as exploration provides the Company with the opportunity to create a revenue and cash flow base at an early stage in its development while taking less risk than required in exploration as well as the possibility of growth from future exploration.

Highlights:

- The dual listing on AIM and the TSX Venture Exchange, raising a total of approximately £28.3 million (C\$59.5 million) before expenses, will bring the total number of common shares issued and outstanding to 60.7 million. Shares started trading on the TSX Venture Exchange in Canada on June 5, 2006 and started trading on AIM on June 6, 2006. The market capitalization at the placing price of £1 (C\$2.10) is approximately £60.7 million (C\$127.5 million).
- Ithaca's portfolio of United Kingdom ("UK") North Sea assets totals 514,473 net acres in 28 blocks and part blocks under 16 licences. Included in these assets are three near term development projects: Barbara, Athena and Beatrice Alpha North.
- A report by independent reservoir evaluation firm Gaffney, Cline & Associates ("GCA") assigns to the Athena and Barbara projects aggregate net proven and probable undeveloped reserves of 22 MMbbls of crude oil, 11.6 Bcf of natural gas and 0.4 MMbbls of natural gas liquids ("NGLs").
- Additionally, based on GCA's best estimate recoverable reserves, management estimates best estimate net risked recoverable Contingent Resources of 4.8 MMbbls of crude oil

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and 30 Bcf of natural gas, and best estimate net risked recoverable Prospective Resources of 30 MMbbls of crude oil and 88Bcf of natural gas.¹

- Net proceeds of the offering will be used to fund the advancement of Ithaca’s near term development projects including the drilling of Athena, Barbara and Beatrice Alpha North appraisal and development wells and to facilitate exploration and appraisal of other assets in the UK North Sea.
- In 2006 and 2007 the emphasis will be on exploiting the Company’s appraisal and development projects, completion of its 3-D seismic program currently underway with Petro-Canada and Nexen on two of the Company’s exploration prospects, and the ongoing evaluation and advancement of the remaining exploration prospects in the Company’s portfolio. The focus in 2008 will be to achieve first production from each of the Barbara, Athena and Beatrice Alpha North projects and drilling several of the Company’s exploration projects.
- Led by Lawrence (Lawrie) Payne, Chief Executive Officer, and Neill Carson, President and Chief Operating Officer, Ithaca’s management team includes experienced oil and gas industry professionals with over 120 years in the industry. The management team have previously worked at companies including Shell, BP, Amoco, Sunningdale Oils, Atlantis Resources, and the Wood Group.
- Ithaca has offices in Calgary, London and Aberdeen.

Ithaca’s Net Interest in Reserves and Net Present Value of Future Net Revenue*

	Crude Oil (MMbbls)	Natural Gas (Bcf)	Natural Gas Liquids (MMbbls)	Net Present Value* (US\$MM)
Proved Undeveloped Reserves	-	7.8	0.3	10.3
Probable Undeveloped Reserves	22.0	3.8	0.1	144.1
Total Undeveloped Reserves	22.0	11.6	0.4	154.4

*GCA Report – Net Present Value of Future Net revenue After Income Taxes, discounted at 10% per year, using forecasted crude oil and gas prices starting in 2008 based on a Brent crude oil price of US\$35.00/bbl and gas price of US\$9.60/mcf. It should not be assumed that the present worth of estimated future net revenue represents fair market value of the reserves. The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

Commenting, Lawrie Payne, Chief Executive Officer of Ithaca, said:

¹ Risked volumes reported in terms of both Contingent Resources and Prospective Resources are risk assessed only in the context of applying the “Geological Chance of Success” stated in GCA’s report. This risk assessment does not incorporate the considerations of economic uncertainty and commerciality. Details regarding the properties to which Contingent Resources and Prospective Resources are attributed may be found in the Company’s prospectus dated May 24, 2006 at www.sedar.com.

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“Our approach of acquiring resources in the North Sea has provided Ithaca with a high quality portfolio of near term development projects with the potential for early production and high impact exploration prospects in a world class petroleum basin.

The funds raised through this offering will enable the further appraisal and development of these resources, which offer the Company the opportunity to create a revenue and cash flow base earlier than offered by pure exploration”.

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

ITHACA’S BACKGROUND

Assets:

Ithaca Energy has built a diversified portfolio of exploration and development assets through participation in the UK’s recent Seaward Licensing rounds and through acquisitions.

Ithaca’s portfolio totals 514,473 net acres in 28 blocks and part blocks under 16 licences.

The report by GCA, has assigned aggregate net Proven and Probable undeveloped Reserves of 22 MMbbls of crude oil, 11.6 Bcf of natural gas and 0.4 MMbbls of NGLs, to two projects, Athena and Barbara.

Additionally, GCA has identified best estimate net risked recoverable Contingent Resources of 4.8 MMbbls of crude oil and 30 Bcf of natural gas in three undeveloped discoveries and 19 prospects and leads containing best estimate net risked recoverable Prospective Resources of 30 MMbbls of oil and 88 Bcf of gas (See Note 1).

Ithaca’s three near term oil and gas development projects include:

- The Athena discovery contains two previously drilled wells that tested oil, is 90% owned by the Company and has been assigned 22 MMbbls of net Probable Reserves of crude oil by GCA. An appraisal well is planned for 2006, which if successful would be completed for production. Further field development would follow with first production expected in 2008.
- The Barbara gas discovery is a gas and condensate accumulation, 20% owned by Ithaca and has net undeveloped Proven and Probable Reserves of 11.6 Bcf of natural gas and 0.4 MMbbls of NGLs assigned to it by GCA. Development drilling is planned during 2006 and 2007 with first production anticipated in 2008.
- The Beatrice Alpha North discovery is 100% owned by Ithaca. Management estimates that it contains best estimate net unrisked recoverable Prospective Resources of 4 MMbbls of crude oil based on GCA’s unrisked best estimate recoverable Prospective Resources. The prospect is considered a low risk extension to the Beatrice field. A successful well would be completed for production which could be accomplished by mid 2008.

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The Company's portfolio also includes three other discoveries and several other prospects and leads. These holdings include a 90% interest in two blocks and one adjacent partial block in the Outer Moray Firth, which the management believes are prospective in the Buzzard, Scapa and Captain sandstones and over which the Company is currently conducting a 3-D seismic program with Petro-Canada and Nexen.

The Company's assets are located in a mature hydrocarbon basin with previously established geological risks, accessible infrastructure, a stable and encouraging political environment and an attractive fiscal environment. UK Government policy is to encourage new entrants into the North Sea in order to accelerate exploration and the development of existing discoveries. Specifically, the UK government has taken steps to:

- encourage new exploration in areas which were previously the domain of larger players;
- provide access to production facilities; and
- oblige existing acreage holders to commit to work programmes, farm-out or surrender their holdings.

The UK sector of the North Sea is considered a world class petroleum basin. The basin is estimated to contain 16.8 Bbbls of oil equivalent ("Bboe") of remaining discovered reserves and between 4.7 and 21 Bboe of undiscovered recoverable resources.² As future discoveries are likely to be smaller than those of the past, many large oil companies have shifted the focus of their capital deployment away from the North Sea, creating an opportunity for smaller companies to acquire and develop UK Continental Shelf assets.

Management

Ithaca's management team includes experienced oil and gas industry professionals with extensive international experience. The combined team has over 120 years experience in the industry.

Lawrie Payne (63), Chief Executive Officer, has over 40 years experience in the oil and gas industry in Canada, the United States, the Middle East and the North Sea. Lawrie has been President / CEO of a number of international private and public oil and gas companies including Sunningdale Oils and Atlantis Resources.

Neill Carson (47), President / Chief Operating Officer, has over 22 years oil industry experience. Neill spent over 15 years focused on exploration and production in the North Sea with Amoco and BP.

Brad Gunn, Chief Financial Officer / VP Corporate Development (36), has over 11 years of public company management experience. Brad also founded and took public an internet services company on NASDAQ OTC.

² Barrels of oil equivalent may be misleading, particularly if used in isolation. A barrel of oil equivalent conversion ratio of 6 Mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Nick Muir (47), VP Exploration, has over 20 years technical and commercial experience in the industry. Nick was previously at Shell, ENI and Total.

John Woods (44), VP Development and Operations, has over 25 years reservoir engineering and field development experience in the North Sea.

Strategy

Ithaca's strategy is to acquire existing production or discoveries that are of interest to the Company and to apply modern seismic, drilling and production technologies to these assets. To date the Company has acquired three undeveloped projects for further appraisal and development, as well as many unexplored prospects, and intends to make additional asset and / or corporate acquisitions where appropriate.

The appraisal and development of undeveloped discoveries offers the Company the opportunity to create a revenue and cash flow base at an early stage in its development while taking less risk than required in exploration.

The Company maintains a strategy of acquiring the highest possible working interests in its properties so as to provide operational and financial control as well as future opportunity for financial leverage through farmouts and joint ventures. Company interests in all assets other than in the Barbara area range from 60% to 100%.

Reasons for the Offerings

- to fund the further appraisal and development of the three near term development projects
- to facilitate the Company's exploration program
- to cover the expense of geological and geophysical studies, general and administrative expenses and general corporate expenses
- to provide for undesignated working capital requirements

History

Ithaca's first project was the application for exploration licences in the North Sea through the competitive bid process of the 22nd Seaward Licensing Round in the UK. Ithaca was awarded a 60% interest in 7 Licenses covering 9 blocks or partial blocks in the Southern North Sea gas basin and 1 partial block in the Central North Sea basin.

In May 2005, Ithaca purchased a 90% interest in 1 licence covering 2 blocks in the Outer Moray Firth area, originally issued in the 21st Seaward Licensing Round, which the Company's management believes warrants exploration. Ithaca has added a 90% interest in 1 adjacent partial block acquired in the 23rd Seaward Licensing Round. These properties are currently being evaluated with a new 3-D seismic program.

In June 2005, the Company applied for further licences in the 23rd seaward Licensing Round and was awarded 6 licenses covering 12 blocks or partial blocks (including the one mentioned above). Ithaca was awarded 100% interest in 6 blocks or partial blocks surrounding the producing Beatrice oilfield containing the Beatrice Alpha North prospect, a 90% interest in 1 partial block in the Outer Moray Firth and a 60% interest in 3 licences covering 4 partial blocks in the Southern

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North Sea gas basin. The Outer Moray Firth block contains the oil discovery, known as Athena, which the management believes to be commercial under current economic conditions.

In July 2005, Ithaca entered into a sale and purchase agreement with Eni for the purchase of a 20% interest in License P.749 and a 100% interest in License P.359 in the Central North Sea. License P.749 contains the Barbara underdeveloped gas and condensate discovery while license P.359 comprises the rights below the upper Cretaceous under the Phyllis Palaeocene gas and condensate discovery. Management believes the acquisition of P.749 represents the opportunity for the Company to participate in the near-term development of the Barbara field. While License P.359 does not convey rights to the zones productive at Barbara or Phyllis, management believes it has the potential for deeper Jurassic production.

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

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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 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.

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