



NEWS RELEASE

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Ithaca Energy Announces \$50,225,000 Financing

LONDON, U.K. - CALGARY, ALBERTA, November 28, 2006 -- Ithaca Energy Inc. (LSE-AIM: IAE, TSX-V: IAE), a Canadian independent oil and gas company with exploration and development assets in the UK North Sea, is pleased to announce that it has entered into an agreement to sell to a syndicate of underwriters, on a “bought deal” basis, 20,500,000 common shares at a price of CAD\$2.45 per common share for gross proceeds of CAD\$50,225,000. The syndicate will be led by Tristone Capital Inc. and will include CIBC World Markets, Mirabaud Securities Limited, and Research Capital Corporation.

Ithaca intends to use the net proceeds of this offering to fund development of its Athena oil project, exploration on its UK exploration assets and fund general working capital. The offering will be made in Canada in the provinces of British Columbia, Alberta and Ontario by way of short form prospectus and in the United Kingdom on a private placement basis. The offering is expected to close on or about December 14, 2006 with shares admitted to AIM the following day.

The Company also announces a correction to its press release dated November 26, 2006 where it announced that the reserve evaluation by Sproule International Limited of 19.59 million barrels net to the Company at its Athena discovery represented a 17% increase over reserves estimated previously by Gaffney Cline & Associates. The increase is actually 14.7%, not 17% as previously announced.

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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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

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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.

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.

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

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