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**ITHACA ENERGY ANNOUNCES FILING OF PRELIMINARY PROSPECTUS**

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 obtained a receipt from the applicable securities commission for a preliminary prospectus in connection with its previously announced offering of 20,500,000 common shares at a price of CAD\$2.45 per common share for gross proceeds of CAD\$50,225,000. The offering is being underwritten on a bought deal basis by a syndicate led by Tristone Capital Inc. and will include CIBC World Markets Inc., Research Capital Corporation and Mirabaud Securities Limited. The closing is now expected to occur on or about December 18, 2006 with shares admitted to AIM the following day.

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 Company also announces a clarification to its press release dated November 28, 2006. Ithaca would like to clarify that Sproule has further indicated that no proven reserves have been assigned for Athena because they do not meet the criteria for proved reserves under NI 51-101 as well as the fact that there is no approved development plan for the field.

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 or 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 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*

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*regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based.*

**December 1, 2006**

**-ENDS-**

**Enquiries:**

**Ithaca Energy Inc:**

Lawrie Payne

Brad Gunn

**Office:**

In London: +44(0) 20 7590 3027

In London: +44(0) 20 7590 3026

In Calgary: +1 (403) 668 9599

**Mobile:**

+44(0)7841 678668

+44(0)7920 019355

+1 (403) 389 4107

**Pelham Public Relations**

Charles Vivian

Philip Dennis

**Office:**

+44(0) 20 7743 6673

+44(0) 20 7743 6363

**Mobile:**

+44(0)7977297903

+44(0)7947868206

**Nabarro Wells & Co Limited**

Marc Cramsie

**Office:**

+44(0) 20 7710 7406

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