



NEWS RELEASE

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Ithaca Energy Announces Farmout in Southern North Sea and Provides Update on 2007 UK North Sea Drilling Program

LONDON, U.K. - CALGARY, ALBERTA, March 29, 2007 -- 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 the successful farmout of Licence P1245 (the "Licence") covering Blocks 48/3a and 48/4 in the UK's Southern North Sea currently 60% held by Ithaca Energy (UK) Limited and 40% by WHAM Energy plc which includes the Company's Morpheus gas prospect.

Subject to DTI approval, under the terms of the agreement, Dana Petroleum plc and Tullow Oil plc have each agreed to pay 33.335% of the costs of both a 3-D seismic program conducted in 2006 by the Farmors and of a well to test the Leman sandstone in order to each earn a 25% interest in the Licence.

Ithaca will retain the largest single interest, at 34% by paying 25% of the cost of the well. WHAM will retain a 16% interest by paying 8% of the cost of the well. Subject to rig availability, the well will commence before December 1, 2007 but in any case, before March 30, 2008. Tullow will be operator of the well and has agreed to supply a drilling rig.

2007 UK North Sea Drilling Program Update

The Company is pleased to report that Global SantaFe has confirmed the arrival of the GSF Galaxy II jack-up drilling rig into the North Sea for which Ithaca has contracted two drilling slots. Ithaca plans to utilize the rig to drill its Basil prospect in Block 12/21c in the Inner-Moray Firth beginning in early April. The second drilling slot will be utilized later this summer at a location yet to be selected.

At the Company's 70% owned Athena oil project, Ithaca has recently completed, safely and under budget, a pipeline route survey between Athena and the Talisman Energy-operated Claymore oilfield facility. The purpose of the survey was to gather environmental and geotechnical data as an integral part of the environmental statement required as part of the consultative process prior to Field Development Plan submission, currently planned for Q3 2007.

Talisman and Ithaca have also jointly initiated engineering studies necessary for the provision of services to receive and process crude oil from Athena.

Ithaca has a letter of intent for the use of the Byford Dolphin semi-submersible drilling rig to drill the second appraisal well this summer and, on success, plans to case and suspend the well for completion for production at a later date. Subject to the results of the well and rig availability, a third well on Athena may be drilled in this calendar year.

Commenting on the farm-out agreement, Lawrie Payne, Chief Executive Officer of Ithaca Energy said, "We are pleased to have Tullow and Dana join us in our Southern North Sea drilling program. Both companies are active and knowledgeable operators in the Southern Gas Basin. The farmout is consistent with our strategy and business plan of acquiring high initial working interests and subsequently reducing our financial exposure and risk. This commitment brings to four the total number of wells we anticipate drilling over the next few months, a number that is likely to increase as our plans evolve."

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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.

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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