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Ithaca Energy Commences Drilling on Basil Oil Prospect

LONDON, U.K. - CALGARY, ALBERTA, April 16, 2007 -- Ithaca Energy Inc. (LSE-AIM: IAE, TSX-V: IAE), a Canadian independent oil & gas company with exploration and development assets in the UK North Sea, is pleased to announce today that it has commenced drilling operations on its 100% owned Basil Prospect (previously known as "Beatrice Alpha North") on Block 12/21c in the Inner Moray Firth area of the United Kingdom's continental shelf.

Gaffney Cline & Associates ("GCA") evaluated Basil as having net unrisks and net risks best estimate recoverable Prospective Resources of 4.0 million barrels of oil and 2.4 million barrels of oil respectively.

The Basil Prospect is supported by well 12/21-2, which was drilled outside the Talisman Energy-operated Beatrice oil field boundary in 1982 and encountered a 9 foot oil column confirmed by petrophysical analysis and oil shows over a large interval. GCA have confirmed the results of the 12/21-2 well and subsequent 3-D seismic has revealed that an undrilled crestal location exists that is approximately 200 feet high to the 12/21-2 well.

Utilizing the GSF Galaxy II jack up drilling rig and the drilling services of ADTI, the well will be drilled vertically into Middle Jurassic Beatrice A and B reservoir sandstones at a target vertical depth of approximately 2,225 metres or 7,300 ft. The well is expected to take approximately 30 days to drill. If hydrocarbons are encountered in commercial quantities in the well, it will be suspended for completion at a later date. Due to environmental constraints a drill stem test will not be performed. Ithaca Energy (UK) Limited ("Ithaca UK") has entered into a "turn-key" drilling services contract with ADTI, a division of Global Santa Fe Drilling of Houston, Texas for the drilling of this well giving it cost certainty regardless of unforeseen difficulties that may arise.

Particular care has been taken to assess and reduce any potential impact on the sensitive Inner Moray Firth environment. Drilling plans have been subject to public consultation; and comments received from a number of external interested parties have been addressed in the preparations for this work.

Management believes that the Basil prospect represents a potential near-term development opportunity. Owned and operated by Talisman Energy, the Beatrice field was a late 1970's discovery which over the years has produced more than 163 MMbbls of oil. The last well drilled into the field was the B-13 well, which is approximately 2.5 km immediately southwest of Ithaca UK's Basil Prospect. Basil production characteristics are anticipated by management to be similar to the B-13 well, which experienced initial production rates of approximately 7,000 bbls/d declining to approximately 1,000 bbls/d level.

Neill Carson, Ithaca Energy's Chief Operating Officer commented: "We are excited to be drilling the first well in our 2007 UK North Sea drilling program. Having secured a rig for this project in a difficult rig market, we continue to follow through on our drilling plans. We have worked very hard to secure approvals and ensure that this well will be drilled safely and with no harm to the sensitive environment."

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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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