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Ithaca Energy Makes Oil Discovery at Basil

LONDON, U.K. - CALGARY, ALBERTA, May 3, 2007 -- Ithaca Energy Inc. (LSE-AIM: IAE, TSX-V: IAE), an independent oil & gas company with exploration and development assets in the UK North Sea, is pleased to announce today that it has completed the Basil 12/21c-6 well located in the Inner Moray Firth area as an oil well. Currently the well is being suspended for future re-entry and production. Ithaca owns a 90% interest in the project together with North Sea Energy Corporation at 10%.

The well encountered 47 feet of gross Beatrice A sand with excellent reservoir properties having an average porosity of 18%. Log analysis indicates that the primary A sand is fully oil-bearing. The well encountered the top Beatrice sand on prognosis 180 feet higher than the 12/21-2 well which had encountered 9 feet of oil above water. As planned, no drill stem test was performed due to environmental sensitivities, however, water-free oil was recovered on wireline tests.

The Basil well was drilled as a potential extension of the Beatrice field which has produced more than 165 million barrels of oil ("MMbbls") since 1981 (source: DTI website). Given the reservoir characteristics as encountered, Ithaca anticipates the Basil well is capable of initial production rates of up to 5,000 barrels of oil per day.

Based on 3-D seismic mapping incorporating the well results, the Company believes potential reserves will be consistent with Gaffney Cline & Associates' evaluation of pre-drill gross high case estimates in the range of 15 MMbbls in place and 5 MMbbls recoverable. Ithaca believes that the accumulation is commercial and has commenced engineering studies for the completion of the well with subsea tieback to the Beatrice Bravo platform which is approximately 5 kilometres away.

Neill Carson, Ithaca's COO, said "We are delighted with the results of this well, having confirmed our expectations and prognosis. Subject to DTI and other stakeholder approval, we believe this well could be tied in for production in late 2008 and as such, would represent the Company's first production."

Lawrence Payne, CEO of Ithaca, commented "Basil is a notable event for the Company as it could potentially make a significant revenue contribution. As our second successive discovery out of two wells drilled, it demonstrates that the Company is performing in a fashion consistent with its strategy of keeping risk low by exploiting existing discoveries and field extensions while preparing high potential exploration targets for the future."

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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.

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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