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ITHACA ENERGY ANNOUNCES AWARDING OF SHARE OPTIONS UNDER THE COMPANY'S STOCK OPTION PLAN

LONDON, U.K. - CALGARY, ALBERTA, May 18, 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, announces that on May 17, 2007, in accordance with the Company's Stock Option Plan, the Board of Directors approved the granting of 1,805,000 share options to Directors and Employees at a price of CDN \$2.51 which was the closing price on the TSX Venture Exchange on Thursday, May 17, 2007. The options shall be granted effective May 17, 2007 and are exercisable for a period of four years from that date. One third of the options will vest at the end of each of the first, second and third years from the effective date.

Of the recipients, a total of 1,250,000 share options were granted to Directors as follows:

Lawrence Payne	CEO and Director	400,000
Neill Carson	COO and Director	350,000
Brad Gunn	CFO and Director	300,000
John Summers	Chairman and Director	50,000
Frank Wormsbecker	Director	50,000
Michael Nobbs	Director	50,000
Jay Zammit	Director	50,000

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NEWS RELEASE

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Not for Distribution to U.S. Newswire Services or for Dissemination in the United States*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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