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Ithaca Energy Contracts Stena Spey Semi-submersible Drilling Rig with Senergy for Next Well At Athena

LONDON, U.K. - CALGARY, ALBERTA, August 23, 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 its 100% owned subsidiary, Ithaca Energy (UK) Limited, has entered into an agreement with Senergy Ltd. to utilize the Stena Spey semi-submersible drilling rig and drilling management services to drill the next appraisal well on the Athena oil project.

Ithaca Energy (UK) Limited will commence the next phase of appraisal on its Athena project using the Stena Spey drilling rig in late August this year. This will be Ithaca's second appraisal well on the Athena discovery for which 28 million barrels ("bbls") of Probable undeveloped oil reserves, (20 million bbls net to Ithaca) have been assigned by its independent auditors, Sproule International. The objectives of this well are to evaluate the eastern lobe of the Athena discovery, which will impact the size and nature of the development.

The well is to be drilled at a location close to the mapped northern pinch-out of the Upper Leek reservoir formation and lies midway between the 14/18b-11 well, which encountered good reservoir in the Upper Leek below the oil-water contact, and the 14/18b-12 well, which encountered tight reservoir in the Upper Leek sands but had an oil-leg in the Lower Leek sands. Recent results of seismic processing following the drilling of the 14/18b-15 well have confirmed the selection of the bottom hole location for this next well. This well is designed to be kept as a production well and has been located in a position to optimally drain the eastern part of the Athena field.

Ithaca had previously expected to drill this well with the Byford Dolphin rig, but it has been delayed due to operational, scheduling and weather-related issues on its current programme. Ithaca made the decision to delay taking on the Byford Dolphin semi-submersible drilling rig until later this year in order to allow the Stena Spey to commence the Athena work as soon as possible.

Drilling of this appraisal well at Athena is part of a programme of work leading up to field development expected to be filed in the fourth quarter 2007.

Lawrie Payne, CEO of Ithaca said "We are delighted to have secured the Stena Spey to undertake this work at Athena and we are on plan to seek development approval later this year. This will be our first well using Senergy for drilling services management and both companies have worked hard to secure this opportunity. We look forward to working with Senergy to take Ithaca one step closer to producing oil from the Athena field."

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NEWS RELEASE

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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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