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## **Ithaca Energy Successfully Tests Oil at Athena Project**

LONDON, U.K. - CALGARY, ALBERTA, October 19, 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 successfully tested 28 degree API sweet oil at a peak rate of 1,375 barrels of oil per day ("bopd") from its second well (14/18b-16) on the Athena project in the Outer Moray Firth area of the United Kingdom's continental shelf. Company analysis indicates that under full production conditions planned for the development, the Well would produce approximately 5,000 bopd employing submersible pumps.

The #16 well was directionally drilled to a bottom hole location 2,500 feet northeast of the #15 well. It confirms interpretation of the extension of the field to the east of previous drilling and creates the opportunity for additional locations in an easterly direction. The Upper Leek sandstone was encountered at 8,617 feet subsea, 291 feet high to the #15 well which tested at rates up to 1,330 bopd.

The Well penetrated 426 feet of gross oil-bearing sandstones in the Upper Leek formation and a net pay interval of 115 feet, (92 feet vertical). Following perforation of a 233 foot (185 feet vertical) interval, the 14/18b-16 well flowed at a peak rate of 1,375 bopd and a stable rate of 1,200 bopd through a 36/64" choke in a test of 36 hours duration. No water was produced during the test period and H<sub>2</sub>S levels were very low.

Currently the well is being suspended for future use as a production well. Based on this and the success of the earlier 14/18b-15 well, Ithaca intends to continue its field development plan application with the UK's DBERR, with final submission expected prior to year end 2007.

Both of the wells drilled will be used as production wells. The Company is in the process of negotiating a rig slot for the drilling of the third well which could be commenced before year end or early next year.

Ithaca owns a 70% interest in the project together with, EWE Aktiengesellschaft 20% and Zeus Petroleum 10%.

Lawrie Payne, Ithaca's CEO, said "The successful testing of this well confirms our geologic and geophysical interpretations and meets or exceeds all of our expectations. The oil column established by the #15 and #16 wells is in excess of 640 feet, representing a very significant accumulation and substantial potential for future areal development. While tested flow rates in both wells are not high, this is as a result of the viscosity of the oil more than reservoir quality, which can be overcome with the use of submersible pumps."

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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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