



## NEWS RELEASE

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### **Ithaca Energy Enters Into Farmout Agreements at Polly, Manuel and Carna**

LONDON, U.K. – CALGARY, ALBERTA, January 14, 2008 – 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 that it has farmed out an interest in the Polly prospect which is currently drilling and the Manuel and Carna prospects to be drilled in the last half of 2008.

Ithaca has entered into an agreement with North Sea Energy in the Inner Moray Firth area of the North Sea under which they will pay 30% of the costs of the Ithaca operated 12/26c-5 exploratory test which is currently drilling, to earn a 20% interest in the Polly prospect. A further provision provides North Sea Energy with the right and obligation to participate with identical interests in the drilling of Ithaca's Manuel prospect which is intended to drill later this year. North Sea Energy is a partner of Ithaca's in the area having farmed in and earned an interest in the Jacky oil discovery which Ithaca intends to put on production by the end of this year.

Ithaca has also entered into an agreement with Venture Production Ltd. providing for the drilling of a well on the 60% owned Carna prospect on block 43/21 in the Southern Gas Basin under which Venture will assume the role of operator and pay, on behalf of Ithaca, 30% of drilling costs in return for a 20% interest in a specified area defined as the Carna prospect which covers a portion of block 43/21 and 43/22. Subsequent to the drilling of the well, the Carna prospect will be owned 56% by Venture, 40% by Ithaca and 4% by EWE Aktiengesellschaft. Under the terms of the farmout, Ithaca will have the residual responsibility of paying 30% of the well costs. It is anticipated that the well will be drilled in the last half of 2008.

#### **Lawrie Payne, Ithaca Energy's Chief Executive Officer commented:**

"The farmout mechanism is an integral part of Ithaca's financial strategy and these transactions are consistent with the company's objectives of creating drilling activity on company prospects, financing the activity in a manner that will provide financial leverage and retaining a significant participating interest."

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Notes to Editors

Ithaca Energy Inc. (LSE-AIM: IAE, TSX-V: IAE) is an independent oil & gas company with exploration and development assets in the UK North Sea. The Beatrice field comprises UK Offshore Licenses P187, P982 and P1031 of the United Kingdom's Continental Shelf

*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, other than as required by the AIM Rules for Companies.

In accordance with AIM Guidelines, Lawrie Payne, BA Economics (Alberta) and MA Marine Geology (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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