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Ithaca Energy Successfully Tests Oil on Athena Project

LONDON, U.K. - CALGARY, ALBERTA, July 21, 2008 -- 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 stable rate of 2,330 barrels of oil per day ("bopd") from its third well (14/18b-18) 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 in excess of 6,500 bopd employing submersible pumps.

The #18 well was directionally drilled to a bottom hole location 1,500 feet north of the earlier #15 well. The Upper Leek sandstone was encountered at 8733 feet subsea, 68 feet high to the #15 well which tested at rates up to 1,330 bopd.

The well penetrated 447 feet of gross oil-bearing sandstones in the Upper Leek formation and a net pay interval of 129 feet, on a vertical basis. Following perforation of a 190 foot (178 feet vertical) interval, the 14/18b-18 well flowed at a stable rate of 2,330 bopd through a 52/64" choke during a 3 hour high rate test and a stable rate of 1,150 bopd through a 24/64" choke in a test of 22 hours duration. No water was produced during the test period and there was no H2S detected.

The well is being suspended for future production. Based on this and the success of the earlier 14/18b-15 and 14/18b-16 wells, Ithaca intends to continue its Field Development Plan (FDP) application with the UK's DBERR, with final approval expected early in 2009.

Ithaca has now drilled 3 wells for use as production wells. The company is in the process of securing a rig for the remainder of the development drilling post FDP approval.

Ithaca recently announced that it has secured the exclusive rights to contract the FPSO 'Uisge Gorm' from Bluewater Energy Services BV for the processing, storage and offloading of Athena production. Likely first oil date for the Field will be at the end of 2009.

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

Lawrie Payne, Ithaca's CEO, said "This successful test confirms our geologic and geophysical interpretations and exceeds our expectations for this well. The stable production rate from this test is approximately twice the rate achieved in our two previous appraisals of the accumulation. The well is situated in the core area of the Athena field and demonstrates that our development plan is achievable."

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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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