



NEWS RELEASE

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

LONDON, U.K. - CALGARY, ALBERTA, September 2, 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, announces the grant of 600,000 share options are to be granted to employees at a price of CDN \$1.80 per share. The options shall be granted effective September 2, 2008, and are exercisable for a period of five 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 600,000 share options were granted to senior officers as follows:

Iain McKendrick	COO	150,000
Steven Turner	CFO	150,000
Nick Muir	VP Exploration	100,000
John Woods	VP Development and Operations	100,000

*The Ithaca securities have not been registered under the US Securities Act of 1933, as amended, or any state securities law, and they may not be offered or sold in the United States unless an exemption from registration is available.*

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