



## NEWS RELEASE

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### **ITHACA ENERGY ANNOUNCES CLOSING OF CDN\$75 MILLION EQUITY FINANCING**

**London, UK - Calgary, Canada, August 11, 2008** – Ithaca Energy Inc. ("**Ithaca**") (TSX Venture: **IAE**, LSE AIM: **IAE**), an independent oil & gas company with exploration and development assets in the UK sector of the North Sea, is pleased to confirm the closing of its previously announced marketed equity financing. Ithaca has issued 50,000,000 common shares at a price of Cdn\$1.50 per common share for gross proceeds of Cdn\$75,000,000. RBC Capital Markets Inc. and Tristone Capital Inc. acted as co-lead agents for a syndicate that included FirstEnergy Capital Corp., Canaccord Capital Corporation, Fraser Mackenzie Limited and Research Capital Corporation.

Ithaca intends to use the net proceeds of the Offering to fund ongoing Jacky and Athena project development, the completion of the Beatrice and Stella acquisitions and for general working capital purposes. Ithaca anticipates that this financing, combined with the recently announced US\$240 million bank financing, will be sufficient to fund Ithaca through to first production on both its Jacky and Athena projects expected at the end of this year and at the end of 2009, respectively.

The 50,000,000 new shares will begin trading on the TSX Venture Exchange Inc. effective today. In addition, application has been made to the London Stock Exchange for these new shares to be admitted to trading on AIM with admission expected to take place on August 13, 2008. Following the issue of these shares, the total number of shares in issue will be 162,261,975.

As part of the new equity issue, Directors of the Ithaca have subscribed for new common shares at a price of Cdn\$1.50 as follows:

| Director          | Position                | Number of new common shares subscribed for |
|-------------------|-------------------------|--|
| John Summers      | Chairman                | 86,700                                     |
| Lawrie Payne      | Chief Executive Officer | 75,000                                     |
| Frank Wormsbecker | Director                | 30,000                                     |
| Brad Hurtubise    | Director                | 30,000                                     |

In addition, Iain McKendrick, Ithaca's Chief Operating Officer and Steven Turner, Ithaca's Chief Financial Officer have subscribed for 40,000 common shares and 20,000 common shares respectively, each at a price of Cdn\$1.50 per common share.

This news release shall not constitute an offer to sell or the solicitation of any offer to buy the securities in any jurisdiction. The common shares may be offered or sold in other eligible foreign jurisdictions and to U.S. buyers on a private placement basis pursuant to an applicable exemption from registration requirements in Rule 144-A or Regulation D of the *United States Securities Act of 1933*, as amended.

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*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 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 except as required by applicable securities laws.

***The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this news release.***