



NEWS RELEASE

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Third Quarter 2008 Results

London, UK - Calgary, Canada, 28th November, 2008 – Ithaca Energy Inc (“Ithaca Energy”) (TSX Venture: IAE, LSE AIM: IAE), a Canadian independent oil and gas company with exploration and development assets in the UK North Sea, is pleased to announce its results for the third quarter ended September 30, 2008.

Barrel of oil equivalent (Boe) volumes are reported at 6:1 with 6 MCF = 1 Boe. All figures are in United States dollars unless otherwise noted.

Highlights

Operations

- Ithaca UK completed its acquisition of a 66.67% working interest in the Stella and Harrier Shallow discoveries which lie in United Kingdom Continental Shelf Block 30/6 Rest of Block (Chalk Layers and Younger).
- Athena 14/18b-18 well successfully tested 28 degree API sweet oil at a stable rate of 2,330 bopd.

Financials

- In the nine months to September 30, 2008 total fixed assets increased to \$ 301.9 million (\$ 117.0 million as at December 31, 2007) representing the four wells drilled (Polly, Manuel, Athena 17 and Athena 18) and ongoing capital expenditure on the Jacky platform and pipeline;
- On August 11, 2008 Ithaca Energy successfully raised C\$75 million through the issue of 50 million common shares (the “Offering”);
- Cash balance at quarter end stood at \$ 42.9 million (\$ 38.1 million as June 30, 2008), the increase being the result of the Offering, offset by the expenditure on the assets described above; and
- Net loss for the quarter was \$ 5.00 million (loss \$ 0.4 million for 3 months to September 30, 2007), due to increases in general and administrative expenses, and increased accretion on a significantly greater asset base.

Events Subsequent to September 30th, 2008

- Ithaca UK entered in to a sale and purchase agreement with Dyas UK Limited (“Dyas”) to sell 25.25% of its portfolio for £40 million and entered in to a loan agreement for a \$61.2 million two year facility, replacing in full the \$60 million Royal Bank of Scotland facility.
- Ithaca UK completed its transaction to lease the Beatrice assets resulting in immediate access to production averaging up to 2,000 bopd and providing the export route for the Jacky crude.
- Jacky Field Development Plan approval granted by the Department of Energy and Climate Change (“DECC”).
- The 20% (6.7% expected unitization) interest in the Barbara gas field was disposed of on November 14, 2008 as non core to Ithaca.

Commenting, Lawrie H. Payne, Chief Executive Officer, said:

“The turbulence in the financial markets and the dramatic decline in the oil price have meant that Ithaca has had to demonstrate its ability to move quickly and innovatively to secure its funding base and bring on near term high value projects. This has been successfully achieved through the strategic asset transaction with Dyas (UK) Limited and the corresponding strengthening of the Board. We can now look forward to Jacky production in the first quarter 2009 and developing further our portfolio.”

Ithaca Energy Inc.

Consolidated Balance Sheets (unaudited - all amounts are US\$)

	September 30, 2008	December 31, 2007
ASSETS		
Current assets		
Cash and cash equivalents	\$ 42,937,173	\$ 96,214,707
Accounts receivable	7,740,706	3,048,284
Deposits, prepaid expenses and other	3,945,191	9,915,663
	<hr/> 54,623,070	<hr/> 109,178,654
Property, plant and equipment (net) (note 3)	301,919,236	116,963,890
	<hr/> \$ 356,542,306	<hr/> \$ 226,142,544
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 25,075,540	\$ 17,949,326
Bank loan (note 5)	59,612,934	-
Asset retirement obligation (note 4)	10,426,945	4,716,475
	<hr/> \$ 95,115,419	<hr/> 22,665,801
Shareholders' equity		
Share capital (note 6)	\$ 277,202,780	\$ 209,551,869
Contributed surplus	4,116,624	1,765,333
Deficit	(19,892,517)	(7,840,459)
	<hr/> 261,426,887	<hr/> 203,476,743
	<hr/> \$ 356,542,306	<hr/> \$ 226,142,544
Commitments (Note 8)		

"Approved on behalf of the Board"

Director

Director

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Ithaca Energy Inc.

Consolidated Statement of Net and Comprehensive Profit/(Loss) and Deficit

(unaudited - all amounts are US\$)

	3 months ended September 30		9 months ended September 30	
	2008	2007	2008	2007
INTEREST INCOME	\$ 160,635	\$ 355,920	\$ 666,265	\$ 881,757
COSTS & EXPENSES				
General and administrative	1,954,388	989,702	5,316,694	3,239,972
Loan Fee Amortization	2,339,082	-	2,474,394	-
Amortization and accretion	249,794	84,211	735,171	194,266
(Gain) Loss on foreign exchange	648,805	(296,583)	4,192,064	(2,594,830)
NET PROFIT/(LOSS)	\$(5,031,434)	\$ (421,410)	\$(12,052,058)	\$ 42,350
Deficit, beginning of period	14,861,083	5,048,128	7,840,459	5,511,888
Deficit, end of period	\$19,892,517	\$ 5,469,538	\$19,892,517	\$5,469,538
Net and comprehensive profit/(loss) per share (basic and diluted)	\$(0.04)	\$ 0.00	\$(0.10)	\$0.00

Consolidated Statements of Shareholders' Equity

(unaudited - all amounts are US\$)

	Share Capital	Contributed Surplus	Deficit	2008 Total	2007 Total
Balance, January 1	\$209,551,869	\$1,765,333	\$(7,840,459)	\$203,476,743	\$ 106,154,177
Stock based compensation	-	2,519,591	-	2,519,591	977,675
Options exercised	927,899	(168,300)	-	759,599	-
Issued for cash	70,290,535	-	-	70,290,535	1,200,000
Share issue costs	(3,567,523)	-	-	(3,567,523)	(33,180)
Loss for the period	-	-	(12,052,058)	(12,052,058)	42,350
Balance, September 30	\$277,202,780	\$4,116,624	\$(19,892,517)	\$261,426,887	\$108,341,022

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Ithaca Energy Inc.

Consolidated Statements of Cash Flow (unaudited - all amounts are US\$)

	3 months ended September 30		9 months ended September 30	
	2008	2007	2008	2007
OPERATING ACTIVITIES:				
Net profit / (loss)	\$ (5,031,434)	\$ (421,410)	\$ (12,052,058)	\$ 42,350
Items not involving cash:				
Stock based compensation	995,892	390,070	2,519,591	977,675
Amortization and accretion	249,794	84,211	735,171	194,266
Loan Fee Amortization	2,339,082	-	2,474,394	-
	(1,446,666)	52,871	(6,322,902)	1,214,291
Changes in non-cash working capital	54,734	512,495	(4,530,375)	2,499,972
	(1,391,932)	565,366	(10,853,277)	3,714,263
INVESTING ACTIVITIES:				
Oil and natural gas properties	(67,167,653)	(12,716,236)	(179,313,271)	(41,192,282)
Office furniture and equipment	(155,437)	(84,201)	(666,777)	(151,051)
	(67,323,090)	(12,800,437)	(179,980,048)	(41,343,333)
Changes in non-cash working capital	(17,004,876)	3,391,615	8,276,845	10,728,337
	(84,327,966)	(9,408,822)	(171,703,203)	(30,312,894)
FINANCING ACTIVITIES:				
Proceeds from issuance of shares	70,290,535	1,226,820	71,050,134,	1,226,820
Share Issue Costs	(3,567,523)	-	(3,567,523)	-
Bank debt	24,000,000	-	60,000,000	-
Loan Issue Costs	(696,415)	-	(2,861,458)	-
	90,026,597	1,226,820	124,621,153	1,226,820
Changes in non-cash working capital	465,729	(331,541)	465,729	(331,541)
	90,492,326	895,279	125,086,882	895,279
Net effect of foreign exchange translation on cash flows	38,886	(212,495)	4,192,064	(2,399,973)
Increase / (Decrease) in cash and cash equivalents	\$ 4,811,314	\$ (8,160,672)	\$ (53,277,534)	\$ (28,103,325)
Cash and cash equivalents, beginning of period	38,125,859	31,428,954	96,214,707	51,371,607
Cash and cash equivalents, end of period	\$ 42,937,173	\$ 23,268,282	\$ 42,937,173	\$ 23,268,282

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Ithaca Energy Inc.

Notes to the Consolidated Financial Statements Three and nine months ended September 30, 2008 (unaudited)

1. NATURE OF OPERATIONS

Ithaca Energy Inc. (the "Corporation" or "Ithaca"), incorporated in Alberta on April 27, 2004 and its wholly-owned subsidiary Ithaca Energy (UK) Ltd., incorporated in Scotland are a publicly traded group of companies involved in the exploration and development of oil and gas in the North Sea. The Corporation's shares are listed on the TSX Venture Exchange in Canada and the London Stock Exchange's AIM in the United Kingdom.

Since May 2004, the Corporation has been evaluating the resource potential of certain oil and natural gas exploration properties and is considered to be in its development stage of operations. The recoverability of amounts shown for oil and natural gas properties is dependent upon the determination of economically recoverable reserves.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The unaudited interim consolidated financial statements of the Corporation include the accounts of Ithaca Energy Inc. and its wholly-owned subsidiary Ithaca Energy (UK) Limited. The interim consolidated statements have been prepared following the same accounting policies and methods of computation as the consolidated financial statements for the fiscal year ended December 31, 2007, except as noted below. The notes to these unaudited interim consolidated financial statements do not conform in all respects to the note disclosure requirements of Canadian generally accepted accounting principles ("GAAP") for annual financial statements. Accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements as at and for the year ended December 31, 2007.

Change in Accounting Policies

a) Financial Instruments Disclosure and Presentation

In December 2006, the CICA approved Handbook Section 3862 "Financial Instruments - Disclosures", and Handbook Section 3863 "Financial Instruments Presentation". The objective of Section 3863 is to require entities to provide disclosures in their financial statements that enable users to evaluate both the significance of financial instruments for the entity's financial position and performance and the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The purpose of Section 3862 is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. These sections apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The Corporation has adopted the new disclosure requirements in the first half of 2008. The two sections result in the additional disclosures set out below. There have been no significant changes from the previous year to the Corporation on its exposure to risks and management's objectives, policies and process to manage the market risks outlined below.

The Corporation has identified that it is exposed principally to these areas of market risk.

i) Commodity Risk

Commodity price risk related to crude oil prices is one of the Corporation's most significant market risk exposures. Crude oil prices and quality differentials are influenced by worldwide factors such as OPEC actions, political events and supply and demand fundamentals. To a lesser extent the Corporation is also exposed to natural gas price movements. Natural gas prices are generally influenced by oil prices, European supply and demand and local market conditions. The Corporation's expenditures are subject to the effects of inflation and prices received for the product sold are not readily adjustable to cover any increase in expenses from inflation. The Corporation may periodically use different types of derivative instruments to manage its exposure to price volatility, thus mitigating fluctuations in commodity-related cash flows. The Corporation currently has no production or derivative instruments in place.

Fluctuations in oil price may impact the economic recoverability of reserves thereby resulting in impairment. This is one of the factors considered when the impairment test is conducted at year end or following any significant event.

ii) Interest Risk

The Corporation will use floating rate debt to finance its developments and operations, fixed as required by the banking facility terms.

The Corporation is exposed to interest rate risk to the extent that LIBOR may fluctuate. The Corporation's debt will be denominated in U.S. dollars ("USD") or British Pounds Sterling ("GBP") as appropriate.

The Corporation will evaluate its annual forward cash flow requirements on a rolling monthly basis. Accordingly, individual facility amounts utilized and related interest terms will vary.

iii) Foreign Exchange Rate Risk

The Corporation is exposed to foreign exchange risks to the extent it transacts in various currencies, while measuring and reporting its results in USD. The exposure to foreign exchange risk is partly mitigated since debt financing is in USD or GBP as appropriate. Since time passes between the recording of a receivable or payable transaction and its collection or payment, the Corporation is exposed to gains or losses on non USD amounts and on balance sheet translation of monetary accounts denominated in non USD amounts upon spot rate fluctuations from quarter to quarter.

The Corporation believes that its foreign exchange risk is mitigated in that future revenues and interest expense and a portion of its operating and exploration costs are largely transacted in USD.

As at September 30, 2008, the Company had the following contract outstanding:

Type	Term	Amount	Exchange Rate
Foreign Exchange Swap	2 months	EUR 2,666,300	(Euro/\$) 0.6923

iv) Credit Risk

The Corporation's accounts receivable with customers in the oil and gas industry are subject to normal industry credit risks and are unsecured. Currently the Corporation has no production and therefore there are no customers at the moment.

The Corporation routinely has cash on deposit and only places these funds on deposit with financial institutions with a credit rating of A+ or better.

The Corporation assesses partners' credit worthiness before entering into farm-in or joint venture agreements. In the past, the Corporation has not experienced credit loss in the collection of accounts receivable. As the Corporation's exploration, drilling and development activities expand with existing and new joint venture partners, the Corporation will assess and continuously update its management of associated credit risk and related procedures.

The Corporation regularly monitors all customer receivable balances outstanding in excess of 90 days. As at September 30, 2008 substantially all accounts receivables are current, defined as less than 90 days. Accordingly, there is no allowance for doubtful accounts on accounts receivable.

v) Liquidity Risk

Liquidity risk includes the risk that as a result of its operational liquidity requirements the Corporation will not have sufficient funds to settle a transaction on the due date. The Corporation manages liquidity risk by maintaining adequate cash reserves, banking facilities, and by considering medium and future requirements by continuously monitoring forecast and actual cash flows. The Corporation considers the maturity profiles of its financial assets and liabilities. As at September 30, 2008, substantially all accounts payable are current.

b) Inventory

Effective January 1, 2008 the Corporation prospectively adopted Section 3031, "Inventories" which stipulates that major spare parts and standby equipment that are not in use should be included in property plant and equipment, and also provides more guidance on the measurement and disclosure requirements for inventory that is at the lower of cost and net realizable value. There has been no impact on the Corporation's financial statements as a result of adopting this policy.

c) Capital Disclosures

Effective January 1, 2008 the Corporation has adopted Handbook Section 1535, "Capital Disclosures" which requires entities to disclose their objectives, policies and processes for managing capital, and in addition, whether the entity has complied with any externally imposed capital requirements.

The Corporation's objectives when managing capital are:

- to safeguard the Corporation's ability to continue as a going concern;
- to maintain balance sheet strength and optimal capital structure, while ensuring the Corporation's strategic objectives are met; and
- to provide an appropriate return to shareholders relative to the risk of the Corporation's underlying assets

In the management of capital, the Corporation includes shareholders' equity, working capital and interest bearing debt. Shareholders' equity includes share capital, contributed surplus, retained earnings or deficit and other comprehensive income.

The Corporation maintains and adjusts its capital structure based on changes in economic conditions and the Corporation's planned requirements. The Board of Directors reviews the Corporation's capital structure and monitors requirements. The Corporation may adjust its capital

structure by issuing new equity and/or debt, selling and/or acquiring assets, and controlling capital expenditures program.

The Board sets guidelines for the management of the Corporation's capital. The Corporation monitors its capital structure using the debt-to-equity ratio and other benchmark measures at the consolidated group level.

(in \$ millions)	September 30, 2008	December 31, 2007
Debt	\$ 60.0	\$ -
Equity	261.4	203.5
Debt – to – Equity	23%	0%

As at September 30, 2008, there are externally imposed debt covenants with respect to the Corporation's capital structure. These covenants relate to the \$60 million loan facility with the Royal Bank of Scotland. All covenants have been complied with.

There have been no significant changes from the previous year to management's objectives, policies and processes to manage capital or to the components defined as capital .

3. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2008	December 31, 2007
Oil and natural gas properties	\$ 301,109,371	\$ 116,675,835
Office furniture and equipment	1,144,598	477,822
Less accumulated depreciation and amortization	(334,733)	(189,767)
	\$ 301,919,236	\$ 116,963,890

As the Corporation had no production at either September 30, 2008 or 2007, there was no depletion charge for either period. At September 30, 2008, oil and natural gas properties included \$ 238.4 million (2007 - \$64.6 million) relating to proved properties and \$62.7 million (2007 \$22.5 million) unproved properties. During 2008, the Corporation capitalized \$ 5.7million (2007 - \$1.0 million) of overhead directly related to exploration and appraisal activities.

At September 30, 2008 Included in the above balance is an amount of \$ 787,768 (2007: NIL) relating to capitalised interest.

4. ASSET RETIREMENT OBLIGATIONS

The total future asset retirement obligation was estimated by management based on its net ownership interest in all wells and facilities, estimated costs to reclaim and abandon wells and facilities and the estimated timing of the costs to be incurred in future periods. The Corporation estimates its total undiscounted asset retirement obligations to be \$11,473,574 as at September 30, 2008. The Corporation uses a credit adjusted risk free rate of 8.0 percent and an inflation rate of 2.5 percent over the varying lives of the assets to calculate the present value of the asset retirement obligation.

The following table provides a reconciliation of the Company's total asset retirement obligations:

	September 30	December 31
	2008	2007
Balance, January 1	4,716,475	1,513,000
Increase due to drilling activity	5,120,266	2,645,183
Accretion expense	590,204	362,948
Revision of estimates	-	195,344
Balance, end of period	10,426,945	4,716,475

5 BANK LOAN

The Corporation had the following bank facility in place with the Royal Bank of Scotland

	Balance Available	Outstanding as at September 30, 2008	Interest Rate per annum	Maturity Date
Pre-development Facility	\$60,000,000	\$60,000,000	LIBOR+3.0%	December 31, 2009

Arrangement fees for the Pre-development Facility at September 30, 2008 were \$2,861,460.

Outstanding as at September 30, 2008	\$ 60,000,000
Less:	
Arrangement fees	(2,861,460)
Amortized Fees	2,474,394
Balance sheet disclosure	\$ 59,612,934

The Pre-development Facility is secured by a bond and floating charge over the assets of Ithaca Energy (UK) Limited ("the Borrower") and a share pledge by Ithaca Energy Inc over its share in the Borrower.

The Financial covenants relating to the Pre-development Facility are

1. The ratio of the Net Present Value of the Jacky and Athena fields to the amount outstanding is not less than 1.2 : 1
2. The Net Assets of Ithaca Energy Inc are not less than \$100,000,000 at any time.

There were no violations of the covenants in the period.

6. SHARE CAPITAL

(a) Issued

The issued share capital is as follows:

Issued	Number	Amount
Balance December 31, 2007	111,931,975	\$ 209,551,869
Issued for cash – options exercised	330,000	759,599
Issued for cash	50,000,000	70,290,535
Share issue costs		(3,567,523)
Transfer from Contributed Surplus on options exercised		168,300
Balance September 30, 2008	162,261,975	\$ 277,202,780

On August 11, the Corporation successfully closed an equity offering via a fully marketed deal. Gross proceeds were C\$75 million through the issue of 50 million common shares at a price of C\$1.50 per common share.

(b) Stock Options

In the three month period to September 30, 2008 the Corporation's Board of Directors granted 600,000 options at an exercise price of C\$1.80 to employees. At September 30, 2008 7,350,000 stock options to purchase common shares were outstanding, having an exercise price range of \$0.90 (C\$1.06) and \$1.68 to \$3.70 (C\$1.80 to C\$3.65) per share.

Changes to the Corporation's stock options are summarized as follows:

	2008	
	Number of Options	Wt. Avg. Exercise Price *
Balance, June 30, 2008	6,750,000	\$ 2.50
Granted	600,000	1.68
Forfeited	-	-
Exercised	-	-
Balance, September 30, 2008	7,350,000	\$ 2.43
Exercisable, September 30, 2008	2,265,000	\$ 1.79

*The weighted average exercise price has been converted into U.S. dollars based on the foreign exchange rate in effect at the date of issuance.

(c) Stock-Based Compensation

Options granted are accounted for using the fair value method. The compensation cost charged against earnings for stock options granted in 2008 was \$2,519,591 (2007 \$977,675) The fair value of each stock option grant was estimated at the date of grant, using the Black-Scholes option pricing model with the following assumptions:

	2008
Risk free interest rate	3.12
Expected dividend yield	0%
Expected stock volatility	77%
Expected life of options	4 years

7. PER SHARE AMOUNTS

The weighted average number of basic and diluted shares outstanding during 2008 was 121,383,220. For 2007 the weighted average basic and diluted shares outstanding was 82,904,475. For the purpose of calculating the diluted net loss per share for the three months and nine months ended September 30, 2007 and the three and nine months ended September 30, 2008, incremental shares from assumed exercise of stock options are not included due to the anti-dilutive effect.

8. COMMITMENTS

The Corporation has the following financial commitments:

	2008	2009	2010
General & Administrative	\$ 80,000	\$ 320,000	\$ 320,000
Exploration activities	\$ 8,300,000	\$ 245,400	\$ 245,400
Inner Moray Firth	\$ 48,200,000	\$ 30,000,000	\$ 30,000,000
Outer Moray Firth	\$ 6,000,000	-	-

These commitments are stated before the Dyas transaction (Note 10)

9. RELATED PARTY TRANSACTIONS

A Director of the Corporation is a partner in Burstall Winger LLP who acts as legal counsel for the Corporation. The amount of fees, measured at the exchange amount, paid to Burstall Winger LLP in the three month period to September 30, 2008 were \$87,363 (2007 - \$3,470) and in the nine month period to September 30, 2008 were \$170,982 (2007 - \$181,085)

10. SUBSEQUENT EVENTS

Dyas Transaction

On October 30th, 2008, Ithaca together with its 100% owned subsidiary, Ithaca Energy (UK) Limited ("Ithaca UK"), entered into a Sale and Purchase Agreement ("Agreement") with Dyas UK Limited ("Dyas") for the sale of a portion of its interests in all of its oil and gas licences and the provision of a convertible loan facility. Dyas, with production of 24,000 barrels of oil equivalent per day, is a wholly owned subsidiary of SHV. The transaction is subject to the approval of the UK Department for Business, Enterprise and Regulatory Reform ("DBERR") and Talisman Energy ("Talisman"). The TSX Venture Exchange has approved the transaction subject to the usual post closing filing conditions.

The Agreement provides that Dyas will purchase 25.25% of Ithaca's interests in all assets currently owned by the Corporation for the consideration of £40 million (approximately US\$65.6 million) cash effective November 1, 2008. Dyas has made the consideration available immediately to Ithaca as a loan until closing of the transaction at which time the loan will form the consideration for the acquisition. The loan has been provided on the same terms as the Dyas Facility described below. Should the transaction not close, Dyas has agreed to leave the loans in place for a period of two years.

As a consequence of the Dyas Transaction, Alexander Berger, Managing Director of Dyas, will join the boards of both Ithaca Energy Inc. and Ithaca Energy (UK) Limited.

Debt Facility

The Corporation's \$60 million pre-development credit facility with the Royal Bank of Scotland ("RBS Facility") was repaid on October 31st, 2008, as part of the Dyas Transaction. Dyas have provided to Ithaca a \$61.2 million two year senior secured facility on materially the same terms as the RBS Facility, payable at LIBOR plus 4.5% ("Dyas Facility"). The facility is fully drawn. Dyas has the option to extend the term of the facility for one year at the end of the second year and again at the end of the first extension in the event that the average price of oil remains at \$60 or less per barrel over the preceding 12 months. The covenants contained within the Dyas Facility are the same as the covenants that were in the RBS Facility. At any time, Dyas also has the option to convert the loan into consideration for a 15.15% interest in the Ithaca portfolio as at the effective date of the transaction. In the event that Ithaca successfully sources development funding from a banking group, Dyas has agreed that the Dyas Facility be subordinated to the banking debt.

Beatrice Acquisition

On November 10, 2008 Ithaca UK leased the Beatrice oilfield from Talisman Energy (UK) Limited for an upfront £10 million lease premium, payable out of the first four months of Jacky production, for a minimum period of 3 years, extendable at Ithaca's option. Included in the transaction are the offshore facilities of three platforms and operatorship of an onshore storage and transshipment terminal with a pipeline to one of the platforms. Beatrice currently produces up to 2,000 barrels of oil per day ("bopd") and in the first quarter of 2009, the Bravo platform will be reinstated adding an estimated 800 bopd of production. The transaction has an effective date of 10 November, 2008 and as such the Corporation will immediately benefit from production.

Jacky Development

The Jacky Field Development Plan was approved by the Department of Energy and Climate Change ("DECC") on 10 November, 2008.

Barbara Disposal

The 20% (6.7% expected unitization) interest in the Barbara gas field was disposed of for a consideration of \$8.25 million on November 14, 2008 as non core to Ithaca.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATING RESULTS AND FINANCIAL CONDITION

The following is management's discussion and analysis ("MD&A") of the operating and financial results of Ithaca Energy Inc. (the "Corporation" or "Ithaca") for the three and nine months ended September 30, 2008. The information is provided as of November 27, 2008. The 2008 results have been compared to the results for the comparative period in 2007.

This discussion and analysis should be read in conjunction with the Corporation's unaudited consolidated financial statements as at September 30, 2008 and 2007 and for each of the three month periods then ended, together with the accompanying notes. These documents and additional information about Ithaca Energy Inc. are available on SEDAR at www.sedar.com.

Certain statements contained in this discussion and analysis, including estimates of reserves, estimates of future cash flows and estimates of future production as well as other statements about anticipated future events or results, are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. The forward-looking statements that are contained in this discussion and analysis involve a number of risks and uncertainties. As a consequence, actual results might differ materially from results forecast or suggested in these forward-looking statements. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted.

The information with respect to net present values of future net revenues from reserves presented throughout this discussion and analysis, whether calculated without discount or using a discount rate, are estimated values and do not represent fair market value. It should not be assumed that the net present values of future net revenues from reserves contained in this discussion and analysis are representative of the fair market value of the reserves. There is no assurance that the price and cost assumptions will be attained and variances could be material.

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SUMMARY OF KEY EVENTS

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- Athena 14/18b-18 well successfully tested 28 degree API sweet oil at a stable rate of 2,330 bopd.

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- In the nine months to September 30, 2008 total fixed assets increased to \$ 301.9 million (\$ 117.0 million as at December 31, 2007) representing the four wells drilled (Polly, Manuel, Athena 17 and Athena 18) and ongoing capital expenditure on the Jacky platform and pipeline;
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- Net loss for the quarter was \$ 5.0 million (loss \$ 0.4 million for 3 months to September 30, 2007), due to increases in general and administrative expenses, and increased accretion on a significantly greater asset base.

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- Ithaca entered in to a sale and purchase agreement with Dyas UK Limited ("Dyas") to sell 25.25% of its portfolio for £40 million and entered in to a loan agreement for a \$61.2 million two year facility, replacing in full the \$60 million Royal Bank of Scotland facility.
- Ithaca UK completed its transaction to lease the Beatrice assets resulting in immediate access to production averaging up to 2,000 bopd and providing the export route for the Jacky crude.
- Jacky Field Development Plan approval granted by the Department of Energy and Climate Change ("DECC").
- The 20% (6.7% expected unitization) interest in the Barbara gas field was disposed of on November 14, 2008 as non core to Ithaca.

BUSINESS OF THE CORPORATION

Ithaca is a Canadian oil and gas exploration and development company focused on the exploration and development of oil and gas reserves in the North Sea on the United Kingdom's Continental Shelf ("UKCS"). The Corporation was formed in April 2004.

The primary business objectives of Ithaca are to develop existing discoveries, explore for new discoveries and acquire assets. Ithaca's strategy is to acquire existing production or discoveries by purchase, farm-in or acquiring new licences; use modern seismic, drilling and production technologies, which management expects will increase reserves and provide income; use management's technical knowledge to generate and acquire exploration prospects; and use management's commercial skills to finance the exploitation of its exploration and development prospects through farm-outs, joint ventures and the issue of debt and equity.

Ithaca has built a diversified portfolio of exploration and development assets within the North Sea through participation by its wholly-owned subsidiary, Ithaca Energy (UK) Limited ("Ithaca UK"), in the United Kingdom's Seaward Licensing Rounds and through acquisitions. This diversity is evidenced by properties in different geographic areas, encompassing multiple play types (both oil and gas), while maintaining a close proximity to producing fields in proven petroleum systems. Exploration and development activities are focused on the Inner and Outer Moray Firth, the Central and Southern Gas Basin areas of the UKCS. Ithaca UK's interests range from 20% to 100% in 29 blocks or partial blocks under 17 licences, which post completion of the Beatrice will rise to an interest in 32 blocks or partial blocks under 20 licences.

The Corporation is targeting first oil production from its 90% owned Jacky field (located in the Inner Moray Firth) to commence in the first quarter of 2009, oil production from its 70% owned Athena field (located in the Outer Moray Firth) to commence in the first half of 2010 (subject to oil price and credit markets), and first gas and condensate from its 66.67% interest in the Stella field to commence in the second half of 2010.

The Corporation's common shares are listed for trading on the TSX Venture Exchange and the London Alternative Investment Market under the symbol "IAE".

The Corporation's reporting currency is US dollars ("\$"); unless indicated otherwise, all amounts are presented in US dollars. The accounting records of the Corporation's foreign subsidiary are maintained in US dollars.

OVERALL PERFORMANCE

The Corporation has continued with the evaluation of its portfolio of UK oil and gas properties and as such has seen continued drilling activity and capital commitments in support of development projects.

Beatrice Acquisition

On November 10, 2008 Ithaca UK leased the Beatrice oilfield from Talisman Energy (UK) Limited for an upfront £10 million lease premium, payable out of the first four months of Jacky production, for a minimum period of 3 years, extendable at Ithaca's option. Included in the transaction are the offshore facilities of three platforms and operatorship of an onshore storage and transshipment terminal with a pipeline to one of the platforms. The transaction will provide Ithaca with the necessary infrastructure to export the Jacky crude. Beatrice currently produces up to 2,000 barrels of oil per day ("bopd"). The Bravo platform will be reinstated in the first quarter of 2009 adding an estimated 800 bopd of production. The transaction has an effective date of 10 November, 2008 and as such the Corporation will immediately benefit from production. Sproule, in its review of the Corporation's reserves effective May 31, 2008, has assigned to the Beatrice oilfield proved reserves of 2.1 million boe ("MMboe"), and probable reserves of 1.3 MMboe. Ithaca's intention is to connect its interest in Jacky to that platform and thereby secure an export route for the Jacky field.

Jacky Development

The Jacky Field Development Plan was approved by the Department of Energy and Climate Change ("DECC") on 10 November, 2008 and first oil is anticipated in quarter

one 2009 at circa 7,500 gross bopd. Sproule has assigned proved reserves of 1.7 MMboe, probable reserves of 3.0 MMboe to the Jacky field

Stella and Harrier Shallow Acquisition

Ithaca completed the acquisition of a 66.67% working interest in the Stella and Harrier Shallow discoveries which lie in United Kingdom Continental Shelf Block 30/6 Rest of Block (Chalk Layers and Younger) ("Stella") in August, 2008, for an initial consideration of \$15 million from joint owners Shell U.K. Limited ("Shell") and Esso Exploration and Production UK Limited ("Esso"). A further payment of \$15 million will become payable to Shell and Esso at the time of FDP approval and proceeds from Ithaca's share of production will be subject to a 5% overriding royalty. In its review of the Corporation's reserves effective May 31, 2008, Sproule has assigned proved reserves of 4.6 MMboe, probable reserves of 5.2 MMboe and possible reserves of 13.9 MMboe to the Stella field. An appraisal well is scheduled by the operator, Maersk for the first half of 2009.

Athena

On July 21, 2008, Ithaca announced that it had successfully tested 28 degree API sweet oil at a stable rate of 2,330 bopd from its third well (14/18b-18). The well has been completed for future production. Based on this and the success of the earlier 14/18b-15 and 14/18b-16 wells, Ithaca has continued with its Field Development Plan ("FDP") application with the DECC, with final approval expected early in 2009.

Ithaca UK entered into a 90 day exclusivity agreement with Bluewater Energy Services BV ("Bluewater") on May 22, 2008 to develop the Athena Field using the Uisge Gorm Floating Production, Storage and Offloading ("FPSO") facility. The exclusivity period has since expired and no commitment has been entered into. The project is expected to commence production in the first half of 2010. Ithaca anticipates that initial production should be realized at an approximate rate of 21,000 gross bopd.

Dyas Transaction

On October 30th, 2008, Ithaca together with its 100% owned subsidiary, Ithaca UK, entered in to a Sale and Purchase Agreement ("Agreement") with Dyas UK Limited ("Dyas") for the sale of a portion of its interests in all of its oil and gas licences and the provision of a convertible loan facility. Dyas, with production of 24,000 barrels of oil equivalent per day, is a wholly owned subsidiary of SHV, the largest privately owned conglomerate in the Netherlands. The transaction is subject to the approval of the UK Department for Business, Enterprise and Regulatory Reform ("DBERR") and Talisman Energy ("Talisman"). The TSX Venture Exchange has approved the transaction subject to the usual post closing filing conditions.

The Agreement provides that Dyas will purchase 25.25% of Ithaca's interests in all assets currently owned by the Corporation for the consideration of £40 million (approximately US\$65.6 million) cash effective November 1, 2008. Dyas has made the consideration available immediately to Ithaca as a loan until closing of the transaction at which time the loan will form the consideration for the acquisition. The loan has been provided on the same terms as the Dyas Facility described below. Should the

transaction not close, Dyas has agreed to leave the loans in place for a period of two years.

As a consequence of the Dyas Transaction, Alexander Berger, Managing Director of Dyas, will join the boards of both Ithaca Energy Inc. and Ithaca Energy (UK) Limited.

Debt Facility

The Corporation's \$60 million pre-development credit facility with the Royal Bank of Scotland ("RBS Facility") was repaid on October 31st, 2008, as part of the Dyas Transaction. Dyas have provided to Ithaca a \$61.2 million two year senior secured facility, payable at LIBOR plus 4.5% ("Dyas Facility"). The facility is fully drawn. Dyas has the option to extend the term of the facility for one year at the end of the second year and again at the end of the first extension in the event that the average price of oil remains at \$60 or less per barrel over the preceding 12 months. At any time, Dyas also has the option to convert the loan into consideration for a 15.15% interest in the Ithaca portfolio as at the effective date of the transaction. In the event that Ithaca successfully sources development funding from a banking group, Dyas has agreed that the Dyas Facility be subordinated to the banking debt.

Equity Offer

On August 11, the Corporation successfully closed an equity offering ("Offering") via a fully marketed deal. Gross proceeds were C\$75 million through the issue of 50 million common shares at a price of C\$1.50 per common share.

Updated Reserves Evaluation

Sproule prepared an updated independent evaluation of the Corporation's oil and gas reserves, effective May 31, 2008 (the "Sproule Report"). The oil and gas reserves and income projections provided were estimated by Sproule in accordance with the Canadian Oil and Gas Evaluation Handbook (COGEH) and NI 51-101 and are summarised below:

Category	Remaining Reserves Net to Ithaca as at 31 May 2008			Remaining Reserves Net to Ithaca as at 31 December 2007	
	Net Reserves (MMboe)	Net Present Value (US\$ MM) Before Tax discounted at 10%	Net Present Value (US\$ MM) After Tax discounted at 10%	Net Reserves (MMboe)	% change from Dec 07 to May 08
Proved	19.4	420.2	260.3	12.6	54%
Probable	20.2	634.2	306.7	13.7	48%
Proved plus Probable	39.6	1,054.4	567.0	26.3	51%
Possible	27.0	918.6	461.2	13.1	106%
Proved plus Probable plus Possible	66.6	1,973.0	1,028.2	39.4	69%

Net Proved and Probable reserves of 20.8 MMboe with a Net Present Value before tax (calculated at a 10% discount) of \$347.4 million are ascribed to the Athena accumulation. Net Proved and Probable reserves of 9.9 MMboe with a Net Present Value before tax (calculated at a 10% discount) of \$353.6 million are ascribed to Stella. Net Proved and Probable reserves of 3.4MMboe with a Net Present Value before tax (calculated at a 10% discount) of \$116.6million is ascribed to Beatrice. The figures have not been updated to reflect the impact of the Barbara disposal, nor the Dyas Transaction, which has yet to complete.

SUMMARY OF QUARTERLY RESULTS

The consolidated financial statements of the Corporation and the financial data contained in MD&A are prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). The consolidated financial statements include the accounts of Ithaca and its wholly-owned subsidiary Ithaca UK. All inter-company transactions and balances have been eliminated on consolidation. Part of the Corporation's North Sea oil and gas activities are carried out jointly with others, and the consolidated financial statements reflect only the Corporation's proportionate interest in such activities.

	30-Sep-08	30-Jun-08	31-Mar-08	31-Dec-07
REVENUE	\$ -	\$ -	\$ -	\$ -
COSTS AND EXPENSES				
General and administrative	1,954,388	1,680,204	1,675,593	2,795,777
Loan Fee Amortization	2,339,082	135,312	-	-
Depreciation and accretion	249,794	278,838	206,540	261,560
Interest income	(160,635)	(126,137)	(379,350)	(455,865)
(Gain) Loss on foreign exchange	648,805	(447,527)	3,997,151	(230,551)
NET PROFIT / (LOSS)	(5,031,434)	(1,520,690)	(5,499,934)	(2,370,921)
NET PROFIT / (LOSS) PER SHARE	(0.04)	(0.01)	(0.05)	(0.02)
Deficit, beginning of period	(14,861,083)	(13,340,393)	(7,840,459)	(5,469,538)
Deficit, end of period	(19,892,517)	(14,861,083)	(13,340,393)	(7,840,459)
	30-Sep-07	30-Jun-07	31-Mar-07	31-Dec-06
REVENUE	\$ -	\$ -	\$ -	\$ -
COSTS AND EXPENSES				
General and administrative	989,702	1,527,583	722,685	1,270,355
Loan Fee Amortization	-	-	-	-
Depreciation and accretion	84,211	51,156	58,898	27,769
Interest income	(355,920)	(177,232)	(348,604)	(729,228)
(Gain) Loss on foreign exchange	(296,583)	(1,988,448)	(309,798)	653,522
NET PROFIT / (LOSS)	(421,410)	586,941	(123,181)	(1,222,418)
NET PROFIT / (LOSS) PER SHARE	(0.00)	0.01	0.00	(0.03)
Deficit, beginning of period	(5,048,128)	(5,635,069)	(5,511,888)	4,289,470
Deficit, end of period	(5,469,538)	(5,048,128)	(5,635,069)	(5,511,888)

RESULTS OF OPERATIONS

The Corporation has not had any revenue from operations to date. For the three month period ended September 30, 2008, the Corporation had a net loss of \$5,031,434 compared to a net loss of \$421,410 for the three month period ended September 30, 2007. For the nine month period ended September 30, 2008, the Corporation had a net loss of \$12,052,058 compared to a net profit of \$42,350 for the nine months ended September 30, 2007. This loss is due primarily to general and administrative costs.

General and administrative expenses for the three month period ended September 30, 2008 were \$4,293,470 compared to \$989,702 for the three month period ended September 30, 2007. General and administrative expenses for the nine months ended September 30, 2008 were \$7,791,088 compared to \$3,239,972 for the nine month ended September 30, 2007.

The primary reason for the significant increase in the general and administrative costs relates to the early redemption of the Royal Bank of Scotland \$60 million pre-development debt facility, leading to an acceleration of the amortisation of the upfront fees, legal fees and redemption penalty being \$2,474,394.

The results include the Corporation's increased evaluation, acquisition and exploration activity in the UK North Sea, which is offset by the capitalization of certain costs related to exploration, appraisal and development activities. General and administrative costs capitalized in the nine months ended September 30, 2008 amounted to \$5,715,523 (2007 - \$ 969,548). The Corporation has been steadily increasing operations, and this has resulted in an increase in payroll and other administration costs.

The interest income reflected a positive cash balance from the equity raised at the end of 2007 and again in August 2008. The interest income has reduced in line with the movement in the cash balance.

The Corporation incurred a loss on foreign exchange of \$4,192,064 for the nine months ended 30 September 2008 against a gain in the nine months ended 30 September, 2007 of \$2,594,830. The loss relates to the C\$84 million dollar deposits held at the year end and the subsequent 4% strengthening of the US Dollar versus the Canadian dollar before being converted to US Dollars in the first quarter of 2008. In March the Board adopted a risk management policy to mitigate against such future exposures. As part of this policy, the Corporation actively manages its balance sheet such that the currency of its funding base aligns with the currency of its anticipated expenditure program and revenue stream. The foreign exchange movement in the third quarter was a loss of \$648,805 reflecting movements in the US Dollar versus the Euro on the contract to construct the Jacky platform. This contract was hedged through a forward contract at a weighted average rate of 1.568:1.

No options were exercised during the three month period to 30 September, 2008. This compares with 1,400,000 options being exercised in the three months to September 30, 2007. In the three months to September 30, 2008, 600,000 new options were granted. The stock based compensation charge for the three month period ended September 30, 2008 was \$995,892 compared to a charge for the three month period ended September 30, 2007 of \$390,070. The stock based compensation charge for the nine month period

ended September 30, 2008 was \$2,519,591 and the charge for the nine month period ended September 30, 2007 was \$977,675.

Amortization and accretion for the three month period ended September 30, 2008 has increased to \$249,794 (2007 - \$84,211) and amortization and accretion for the nine month period ended September 30, 2008 has increased to \$735,171 (2007 - \$194,266) primarily as a result of accretion charges relating to the asset retirement obligations recognized for wells drilled. The Corporation has an ongoing drilling plan for 2009 and therefore the accretion expense is expected to increase in the next year.

LIQUIDITY AND CAPITAL RESOURCES

New funds of C\$75 million (before bank and legal fees) were raised in the three months to September 30, 2008 from an equity offering (2007 – C\$100 million).

During the three months ended September 30, 2008 there was a cash inflow from operating, investing and financing activities of \$ 4.8 million compared to a cash outflow from operating, investing and financing activities of \$8.2 million for the corresponding period in 2007.

The Corporation is actively reviewing its portfolio of assets, both in terms of managing its forward risks and as a means of realising value to fund expenditures beyond the current development program. As part of this exercise, the Corporation entered in to a sale and purchase agreement with Dyas UK Limited to dispose of 25.25% of its assets. The Corporation has an established track record in the equity markets and will be opportunistic in accessing further equity as appropriate; thereby ensuring that the balance sheet remains prudently capitalized with sufficient funds available to meet the Corporation's planned forward expenditures.

The Corporation expects to continue to develop the existing licences held and to acquire new licences through participation in future licensing rounds and farm-ins from third parties.

Additions (net of recharges to partners) to oil and gas properties in the period are summarized as follows:

\$'000	Three months ended September 30, 2008	Nine months ended September 30, 2008
Outer Moray Firth	\$31,144	\$ 84,813
Inner Moray Firth	\$18,688	\$80,425
Central North Sea	\$17,158	\$ 17,852
Southern North Sea	\$ 178	\$ 1,343
Total	\$ 67,168	\$ 184,433

RISKS AND UNCERTAINTIES

The business of exploring for, developing and producing oil and natural gas reserves is inherently risky. There is substantial risk that the manpower and capital employed will not result in the finding of new reserves in economic quantities. There is a risk that the sale of reserves may be delayed due to processing constraints, lack of pipeline capacity or lack of markets. There is a risk that the reservoir will not perform as expected leading to a lower recoverability of hydrocarbons in place.

Commodity price risk related to crude oil prices is one of the Corporation's most significant market risk exposures. Crude oil prices and quality differentials are influenced by worldwide factors such as OPEC actions, political events and supply and demand fundamentals. To a lesser extent the Corporation is also exposed to natural gas price movements. Natural gas prices are generally influenced by oil prices, European supply and demand and local market conditions. The Corporation's expenditures are subject to the effects of inflation and prices received for the product sold are not readily adjustable to cover any increase in expenses from inflation. The Corporation may periodically use different types of derivative instruments to manage its exposure to price volatility, thus mitigating fluctuations in commodity-related cash flows. The Corporation currently has no production or derivative instruments in place.

Fluctuations in oil price may impact the economic recoverability of reserves thereby resulting in impairment. This is one of the factors considered when the impairment test is conducted at year end or following any significant event.

The Corporation is exposed to financial risks including financial market volatility, fluctuation in interest rates and various foreign exchange rates. The Corporation is dependent upon the equity and debt markets to fund the current development program. In the event that the markets are closed to development finance or have reduced capacity to meet the Corporation's needs the business will look to meet any liquidity shortfalls through the selected divestment of its portfolio.

The Corporation is also subject to the risks associated with owning oil and natural gas properties, including environmental risks associated with air, land and water. The Corporation takes out market insurance to mitigate many of these operational, construction and environmental risks. In all areas of the Corporation's business there is competition with entities that may have greater technical and financial resources. There are numerous uncertainties in estimating the Corporation's reserve base due to the complexities in estimating the magnitude and timing of future production, revenue, expenses and capital.

For additional detail regarding the Corporation's risks and uncertainties, refer to the Corporation's most recent Annual Information Form filed on SEDAR at www.sedar.com.

CRITICAL ACCOUNTING ESTIMATES AND CHANGES IN ACCOUNTING POLICIES

The preparation of financial statements requires the Company to make judgements, assumptions and estimates in the application of generally accepted accounting principles that have a significant impact on the financial results of the Company. Actual results could differ from those estimates. A comprehensive discussion of the Company's

significant accounting policies is contained in the MD&A and the audited consolidated financial statements for the year ended December 31, 2007.

For the impact of new accounting standards related to capital disclosures, inventory and financial instruments, refer to note 2 of the unaudited interim consolidated financial statements as at September 30, 2008.

FUTURE ACCOUNTING PRONOUNCEMENTS

In January 2006, the CICA Accounting Standards Board (“AcSB”) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, the AcSB confirmed in February 2008 that International Financial Reporting Standards (“IFRS”) will replace Canadian GAAP in 2011 for profit-oriented Canadian publicly accountable enterprises. As Ithaca will be required to report its results in accordance with IFRS starting in 2011, the Corporation is assessing the potential impacts of this changeover and developing its plan accordingly.

During the second quarter of 2008, the CICA published CICA 3064 - Goodwill and Intangible Assets, with an effective date of January 1, 2008. This standard addresses the accounting treatment of internally developed intangibles and recognition of such assets. The Corporation believes that the adoption of this standard will not have a material impact on its financial statements.

RELATED PARTY TRANSACTIONS

A Director of the Corporation is a partner in Burstall Winger LLP who acts as legal counsel for the Corporation. The amount of fees, measured at the exchange amount, paid to Burstall Winger LLP in the three month period to September 30, 2008 were \$87,363 (2007 - \$3,470) and in the nine month period to September 30, 2008 were \$170,982 (2007 - \$181,085)

INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes to the Corporation’s internal control over financial reporting during the three months ended September 30, 2008 that have materially affected, or are reasonably likely to materially affect, the Corporation’s internal control over financial reporting.

COMMITMENT UPDATE

Beatrice and Jacky Development

A contract was entered in to with Wood Group Engineering (North Sea) Limited to manage the operations and maintenance of the Beatrice and Jacky fields. The contract is for a minimum of 5 years and is a pass through of operating costs estimated at GBP 25 million per annum.

There have been no other new material commitments.

OUTSTANDING SHARE INFORMATION

As of November 27, 2008, there are 162,261,975 common shares of the Corporation outstanding and 169,611,975 common shares diluted. There are 7,350,000 options to purchase common shares outstanding.

READER ADVISORY

This news release contains certain forward-looking statements, including all statements which address activities, events or developments that Ithaca Energy expects, believes or anticipates will or may occur in the future. Such forward looking statements involve substantial known and unknown risks and uncertainties, certain of which are beyond Ithaca Energy's control and which are based on various assumptions (including assumptions with respect to (i) availability of funds; and (ii) future capital expenditures) which may prove incorrect. Such risks and uncertainties include, without limitation the impact of general economic conditions in the areas in which Ithaca Energy operates, civil unrest, industry conditions, changes in laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in commodity prices, foreign exchange or interest rates, stock market volatility and obtaining required approvals of regulatory authorities. **Please refer to the Company's Annual Information Form for the year ended December 31st, 2007 and dated April 30th, 2008 and available for viewing at www.sedar.com, for a list of additional risk factors.** Ithaca Energy's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Ithaca Energy will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive. All subsequent forward-looking statements, whether written or oral, attributable to Ithaca Energy or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this news release are made as at the date of this news release and Ithaca Energy does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

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.

ENQUIRIES:

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