

Ithaca Energy Inc.

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Ithaca Energy

First Quarter 2008 Results

Calgary, Canada, 28th May 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 first quarter ended March 31, 2008.

Highlights

Operations

- Polly prospect well was drilled and interpreted to have intersected 14.5ft of net hydrocarbon-bearing sand. Work is continuing to determine the commerciality of this discovery.
- Manuel prospect well was drilled and encountered hydrocarbons throughout the section but the sands were not of reservoir quality and the well was abandoned. The results of this well will assist in further exploration evaluation of the block.

Financials

- In the three months to March 31, 2008 total assets increased to US\$ 150.9m (US\$ 117.0m as at December 31, 2007) representing the two wells drilled and ongoing capital expenditure on the Jacky platform;
- Cash balance at quarter end stood at US\$ 58.6m (US\$ 96.2m as December 31, 2007), the decrease being largely the expenditure on the assets described above; and
- Net loss for the quarter increased to US\$ 5.5m (loss US\$ 0.1m for 3 months to March 31, 2007), due to increases in general and administrative expenses, increased depreciation and amortisation on a significantly greater asset base and a foreign exchange loss resulting from a 4.2% appreciation of the US dollar versus the Canadian dollar on the 2007 equity proceeds. Future funding and revenues are expected to be largely denominated in US dollars, thereby mitigating this foreign exchange exposure.

Management

- Strengthened operational management team with the appointment of Iain McKendrick as Chief Operations Officer and Steven Turner as Chief Financial Officer
- Additional main Board appointments of Jack C. Lee and Mr. Bradley Hurtubise as Non-executive Directors

Events Subsequent to March 31, 2008

- In April 2008, Athena 14/18-17 well was drilled to test a possible southern extension of the accumulation. The well penetrated the Lower Cretaceous Leek sands and although the Leek formation was found to be oil-bearing, it was of lower quality than is found in the main Athena Reservoir and the well has been suspended for later use in the wider Athena development scheme.

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- A 66.67% interest was acquired in the Stella and Harrier Shallow discoveries. This new core asset will be added to the borrowing base facility being negotiated with a group of leading UK North Sea sector banks. Appraisal and development drilling is contemplated for early 2009.
- A US\$ 60m pre-development plan credit facility was signed with Royal Bank of Scotland.

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

“Ithaca Energy continues to see strong growth in its asset base. The Company has an active drilling program for the rest of the year, including a further well on Athena due to spud in early June and the completion of Jacky to bring this key element of the wider Beatrice project onstream by year end. Ithaca Energy remains on track to deliver its development program as previously announced.”

ENQUIRIES:

Ithaca Energy

Lawrie Payne, President and CEO lpayne@ithacaenergy.com +44 (0) 207 590 3027
Steven Turner, Chief Financial Officer sturner@ithacaenergy.com +44 (0) 1224 638 582

Pelham Public Relations

Phillip Dennis philip.dennis@pelhampr.com +44 (0) 207 743 6363

Nabarro Wells

Marc Cramsie ithaca@nabarro-wells.co.uk +44 (0) 207 634 4705

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Financial Results

Consolidated Balance Sheets (unaudited)

	March 31, 2008 US\$	December 31, 2007 US\$
ASSETS		
Current assets		
Cash and cash equivalents	\$ 58,635,137	\$ 96,214,707
Accounts receivable	1,597,949	3,048,284
Deposits, prepaid expenses and other	11,337,222	9,915,663
	71,570,308	109,178,654
Property, plant and equipment (note 3)	150,947,311	116,963,890
	\$ 222,517,619	\$ 226,142,544
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 15,000,142	\$ 17,949,326
Asset retirement obligation	8,182,871	4,716,475
	23,183,013	22,665,801
Shareholders' Equity		
Share capital (note 4)	\$ 210,479,768	\$ 209,551,869
Contributed surplus	2,195,231	1,765,333
Deficit	(13,340,393)	(7,840,459)
	199,334,606	203,476,743
	\$ 222,517,619	\$ 226,142,544

Commitments (note 6)
"Approved on behalf of the Board"

Director

Director

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Consolidated Statements of Comprehensive Loss and Deficit (unaudited) 3 months ended

	March 31, 2008 US\$	March 31, 2007 US\$
INTEREST INCOME	\$ 379,350	\$ 348,604
COSTS AND EXPENSES		
General and administrative	1,675,593	722,685
Depreciation and accretion	206,540	58,898
Loss/(gain) on foreign exchange	3,997,151	(309,798)
Comprehensive loss	\$ 5,499,934	\$ 123,181
Net loss and comprehensive loss per share (basic & diluted)	\$ 0.05	\$ 0.00

Nature of operations (note 1)

Consolidated Statements of Shareholders' Equity (unaudited)

	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
Shares Issued for cash	-	-	-	-	101,837,132
Options Exercised	927,899	(168,300)	-	759,599	1,783,203
Share Issue Costs	-	-	-	-	(5,078,594)
Stock based compensation	-	598,198	-	598,198	1,109,396
Loss for the period	-	-	(5,499,934)	(5,499,934)	(2,328,571)
Balance, March 31	\$210,479,768	\$2,195,231	\$(13,340,393)	\$199,334,606	\$203,476,743

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Consolidated Statements of Cash Flows (unaudited) 3 months ended

	March 31, 2008 US\$	March 31, 2007 US\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES:		
Net loss	\$ (5,499,934)	\$ (123,180)
Items not affecting cash		
Depreciation and accretion	206,539	58,898
Stock based compensation (note 4c)	598,198	269,586
	(4,695,197)	205,304
Changes in Non-Cash Working Capital	(62,687)	708,461
	(4,757,884)	913,765
FINANCING ACTIVITIES:		
Proceeds from issuance of shares	759,599	-
Share issue costs		-
	759,599	-
INVESTING ACTIVITIES:		
Oil and natural gas property additions	(30,588,199)	(1,415,733)
Office furniture and equipment additions	(135,366)	
	(30,723,565)	(1,415,733)
Changes in Non-Cash Working Capital relating to investing activities	(2,595,468)	(9,300,014)
	(33,319,033)	(10,715,747)
Unrealised gain on foreign exchange	(262,252)	-
DECREASE IN CASH AND CASH EQUIVALENTS	\$ (37,579,570)	\$ (9,801,982)
Cash and cash equivalents, beginning of period	\$ 96,214,707	\$ 51,371,607
Cash and cash equivalents, end of period	\$ 58,635,137	\$ 41,569,625

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All figures are in US Dollars, except where otherwise stated.

1. NATURE OF OPERATIONS

Ithaca Energy Inc. (the “Corporation”), incorporated in Alberta, and its wholly-owned subsidiary, Ithaca Energy (UK) Limited, incorporated in Scotland, are 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.

The Corporation requires additional financing in order to fund its ongoing exploration and development programs. Management intends to raise the required financing through a combination of equity issues, bank financing, asset rationalizations, farm outs or by other means.

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 3862 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 3863 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 quarter 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

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its exposure to risks and management's objectives, policies and processes 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.

Fluctuations in oil price may impact the economic recoverability of reserves. This is part of the impairment test conducted at year end and 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"). Since December 31, 2007 US based LIBOR rates have been decreasing.

The Corporation any 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 mostly in USD. 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 revenues and interest expense and a portion of its operating and exploration costs are largely transacted in USD. In addition, additions to plant property and equipment are recorded and translated at historical cost.

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

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therefore there are no customers at the moment. In the future a substantial portion of Corporation's revenues are expected to be derived from large reputable multi-national corporations.

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 March 31, 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 March 31, 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

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In the management of capital, the Corporation includes shareholders' equity, and interest bearing debt and capital lease obligations. 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.

As at March 31, 2008, there were no externally imposed debt covenants with respect to the Corporation's capital structure.

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

	March 31, 2008	December 31, 2007
Oil and natural gas properties	\$ 150,569,981	\$ 116,675,835
Office furniture and equipment	613,188	477,822
Less accumulated depreciation and amortization	(235,858)	(189,767)
Total property, plant and equipment	\$ 150,947,311	\$ 116,963,890

As the Corporation had no production at either March 31, 2008 or 2007, there was no depletion charge for either period. At March 31, 2008, oil and natural gas properties included \$101.7 million (2007 - \$19.0 million) relating to proved properties and \$48.9 million (2007 \$22.6 million) unproved properties. During 2008, the Corporation capitalized \$1.3 million (2007 - \$0.7 million) of overhead directly related to exploration and appraisal activities.

4. 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
Transfer from Contributed Surplus on options exercised		168,300

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Balance March 31, 2008	112,261,975	\$ 210,479,768
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(b) Stock Options

On February 15, 2008 the Corporation's Board granted 2,670,000 options at an exercise price of C\$3.65 to directors and employees. At March 31, 2008 6,670,000 stock options to purchase common shares were outstanding, having an exercise price range of \$0.90 (C\$1.06) and \$2.07 to \$3.70 (C\$2.32 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, December 31, 2007	4,330,000	\$ 2.01
Granted	2,670,000	3.70
Exercised	(330,000)	2.07
Balance, March 31, 2008	6,670,000	\$ 2.37
 Exercisable, March 31, 2008	 2,405,000	 \$ 1.80

*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 \$598,198 (2007 \$269,586) 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

5. PER SHARE AMOUNTS

The weighted average number of shares outstanding during 2008 was basic 112,153,184 (2007: 82,904,475) and diluted 118,068,239 (2007: 87,306,975). The difference relates to outstanding stock options.

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6. COMMITMENTS

The Corporation has the following financial commitments:

	2008	2009	2010
Office sublease	\$ 320,000	\$ 320,000	\$ 320,000
Exploration license fees	\$ 384,700	\$ 245,400	\$ 245,400
Jacket Fabrication	\$ 15,000,000	\$ -	\$ -
Rig Commitment	\$ 33,600,000	\$ -	\$ -

7. RELATED PARTY TRANSACTIONS

Jay Zammit, a Director of the Corporation is a partner in Burstall Winger LLP who acts as counsel for the Corporation. The amount of fees, on an arms length basis, paid to Burstall Winger LLP in 2008 were \$23,786 (2007 - \$134,778).

8. SUBSEQUENT EVENTS

Royal Bank of Scotland \$60 million Pre-Development Facility

On April 4, 2008, a \$60 million secured pre-development credit facility was signed with the Royal Bank of Scotland to assist in the funding of expenditure for the Athena and Jacky assets. The Corporation intends to replace this facility post approval of the respective field development plans with a borrowing base facility that will also incorporate the Barbara field and its Beatrice acquisition.

Stella Acquisition

On May 1, 2008 the Corporation announced that it had acquired a 66.67% working interest in the Stella and Harrier Shallow discoveries which lie in UKCS Block 30/6 Rest of Block (Chalk Layers and Younger) for an initial consideration of US\$15 million. A further payment of US\$15 million will become payable at the time of time of Field Development Plan approval and proceeds from production will be subject to a 5% over-riding royalty. The acquisition is expected to close before the end of the second quarter 2008 and is subject to the usual government and partner consents.

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 months ended March 31, 2008. The information is provided as of May 30, 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 audited consolidated financial statements as at December 31, 2007, together with the accompanying

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notes, and the December 31, 2007 MD&A and Annual Information Form. 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.

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.

BUSINESS OF THE CORPORATION

Ithaca is an oil and gas exploration and development corporation active in the United Kingdom’s Continental Shelf (“UKCS”). Exploration and development activities are focused on the Inner and Outer Moray Firth, the Central and Southern Gas Basin areas of the UKCS. The goal of Ithaca in the near term is to achieve oil production from the development of existing discoveries on licences held by the Corporation, to originate and participate in exploration on licences held by the Corporation with the potential to make significant contributions to future production, and to consider other opportunities for growth as they are presented to the Corporation.

The Corporation is targeting first oil production from its 90% owned Jacky (Basil discovery) field to commence in late 2008 and oil production from its 70% owned Athena field to commence in the first half of 2010, and first gas from its 20% (6.7% expected unitization) interest in the Barbara gas field to commence in 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”.

OVERALL PERFORMANCE

The Corporation has continued with the evaluation and exploration of its portfolio of UK oil and gas properties and as such has seen an increase in drilling activity, capital commitments in support of development projects and an increase in staffing to meet the Corporation’s growth plans.

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Polly Well

Following the success of the Basil well (Jacky discovery), the Polly prospect, which lies immediately east of the Beatrice field, was prepared for drilling in the first quarter of 2008. The well was drilled and is interpreted to have intersected 14.5ft of hydrocarbon bearing sand. Work is continuing to determine the commerciality of this discovery.

Manuel Well

The Manuel prospect, located to the west of the Beatrice field, was drilled immediately after Polly using the GSF Galaxy II drilling rig. The well, which was the first to be drilled on the block, encountered hydrocarbons throughout the section but these were bound within 'tight' sandstones, thus the well was abandoned. The results of this well will assist in further exploration evaluation of the block.

Athena Southern Extension

The Corporation drilled a further appraisal well of the Athena discovery to test a possible southern extension of the accumulation. The well penetrated the Lower Cretaceous Leek sands at 8,842 feet, 413 feet above the Athena oil water contact. However, although the Leek formation was found to be oil-bearing from LWD logs, it was of lower quality than is found in the Athena Reservoir and the well has been suspended pending evaluation and possible sidetracking and later use in the Athena development scheme.

Beatrice Acquisition

The Corporation continues to work to close out this important transaction. The parties are currently working towards completing a fully termed set of documents. The economic effective date remains at 1 January 2008 with completion targeted for the third quarter of this year.

Stella and Harrier Shallow Acquisition

As a further step in delivering our strategy of pursuing near term developments of undeveloped discoveries Ithaca acquired from joint owners Shell U.K. Limited ("Shell") and Esso Exploration and Production UK Limited ("Esso") a 66.67% working interest in the Stella and Harrier Shallow discoveries which lie in UKCS Block 30/6 Rest of Block (Chalk Layers and Younger) for an initial consideration of US\$15 million. A further payment of US\$15 million will become payable to Shell and Esso at the time of Field Development Plan approval and proceeds from production will be subject to a 5% over-riding royalty. The acquisition is expected to close before the end of the second quarter 2008 and is subject to the usual government and partner consents.

Office Lease and Remuneration Package

With the continued expansion of the Corporation's development portfolio, Ithaca Energy (UK) Ltd entered into a ten year repairing lease in March 2008 for Number 7 & 8 Rubislaw Terrace, Aberdeen, Scotland at a cost of £160,000 per annum. The Corporation is confident that the office space leased will be adequate for its requirements.

The Corporation introduced a comprehensive benefits package effective from January 1, 2008 including staff defined contribution pension and health insurance coverage. This is a key

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competitive element in retaining staff in the current market and is expected to cost the Corporation approximately an additional 12.5% per annum on staff expenditure.

Funding

Ithaca Energy has been able to execute its business plan for the UK North Sea in large part by its ability to access capital through the issuance of equity. It is the Corporation's preference is to maximise debt funding going forward through the use of a borrowing base facility. To this end a \$60 million senior secured predevelopment credit facility in support of the Jacky and Athena developments was approved by the Board of Directors on March 27th, 2008 and signed on April 4th, 2008 with the Royal Bank of Scotland. It is expected that a new borrowing base facility to fund the developments of Jacky, Athena, Barbara, and Stella will be in place by mid 2008. The Corporation is also looking at its existing equity positions in certain assets to determine if additional value may be released as a means of funding its extensive development program. Finally, Ithaca is prepared to examine other sources of equity financing to ensure that the business is well funded through to first oil from Jacky.

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 Energy Inc. and its wholly-owned subsidiary Ithaca Energy (UK) Limited. 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.

	31-Mar-08	31-Dec-07	30-Sep-07	30-Jun-07	31-Mar-07	31-Dec-06	30-Sep-06	30-Jun-06
REVENUE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
COSTS AND EXPENSES								
General and administrative	1,675,593	2,795,777	989,702	1,527,583	722,685	1,270,355	1,339,445	967,250
Depreciation and accretion	206,540	261,560	84,211	51,156	58,898	27,769	14,000	14,371
Interest income	(379,350)	(455,865)	(355,920)	(177,232)	(348,604)	(729,228)	(374,925)	(59,964)
(Gain) Loss on foreign exchange	3,997,151	(230,551)	(296,583)	(1,988,448)	(309,798)	653,522	338,879	52,369
NET PROFIT / (LOSS)	(5,499,934)	(2,370,921)	(421,410)	586,941	(123,181)	(1,222,418)	(1,317,399)	(974,026)
NET PROFIT / (LOSS) PER SHARE	(0.05)	(0.02)	(0.00)	0.01	0.00	(0.03)	(0.02)	(0.02)
Deficit, beginning of period	(7,840,459)	(5,469,538)	(5,048,128)	(5,635,069)	(5,511,888)	4,289,470	2,972,071	1,998,045
Deficit, end of period	(13,340,393)	(7,840,459)	(5,469,538)	(5,048,128)	(5,635,069)	(5,511,888)	4,289,470	2,972,071

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.

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RESULTS OF OPERATIONS

The Corporation has not had any revenue from operations to date. For the three month period ended March 31, 2008, the Corporation had a net loss of \$5,499,934 compared to a net loss of \$123,181 for the three month period ended March 31, 2007. This loss is due to general and administrative costs and a loss on foreign exchange partially offset by interest earned.

General and administrative expenses for the three month period ended March 31, 2008 were \$1,675,593 compared to \$722,685 for the three month period ended March 31, 2007. 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. Costs capitalized in the three months ended March 31, 2008 amounted to \$1,328,666 (2007 - \$714,087). The Corporation has been steadily increasing operations, and this has resulted in an increase in payroll and other administration costs.

The Corporation made a loss on foreign exchange of \$3,997,151 to 31 March 2008 against a gain for the three months to 31 March, 2008 of \$309,798. The loss relates to the C\$84 million Canadian dollar deposits held at the year end and the subsequent 4% strengthening of the US Dollar versus the Canadian dollar during the three month period to 31 March 2008. The Canadian dollar deposits have now been converted to US Dollars. In late March the Board adopted a hedging policy to mitigate against such future exposures. As part of this policy, the Corporation will actively manage its balance sheet such that the currency of its funding base aligns with the currency of its anticipated expenditure program and revenue stream.

330,000 options were exercised during the period. This compares with no options being exercised in the three months to March 31, 2007. In the three months to March 31, 2008, 2.67 million new options were granted at an exercise price of C\$3.65. The charge arising from the vesting of options issued in January 2007, May 2007 and September 2007, and February 2008 resulted in a stock based compensation charge for the three months ended March 31, 2008 of \$598,198 and the charge for the three months ended March 31, 2007 was \$269,586.

Interest income in the periods resulted from interest on bank accounts and short-term deposits, as the Corporation had cash balances due to funds raised.

Amortization and accretion for the three month period ended March 31, 2008 has increased to \$206,540 (2007 - \$58,898) primarily as a result of accretion charges relating to the asset retirement obligations recognized for the Athena wells drilled in October 2006, September 2007 and March 2008, the Basil discovery well drilled in May 2007, the Polly well drilled in February 2008 and the Manuel well drilled in January 2008. The Corporation has an ongoing drilling plan for 2008 and therefore the accretion expense is expected to increase in the next year.

LIQUIDITY AND CAPITAL RESOURCES

New funds of \$759,599 were raised in the three months to March 31, 2008 as a result of stock options being exercised (2007 - \$ NIL). The Corporation has sufficient cash resources available to fund all committed activities with plans in place to raise additional funds to support planned activities.

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During the three months ended March 31, 2008 there was a cash outflow from operating, investing and financing activities of \$37,579,570 compared to a cash outflow from operating, investing and financing activities of \$9,801,982 for the corresponding period in 2007.

Significant capital, beyond current resources, will be required to further the Corporation's anticipated development activities in 2008 and 2009 and these are expected to be met through a combination of accessing the capital markets, bank debt, farm-outs and divestitures. As part of this process, the Corporation is in advanced discussions regarding a borrowing base facility to be in place later this year. 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 ongoing development expenditures. 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 March 31, 2007	Twelve months ended December 31, 2007
Outer Moray Firth	7,872	42,481
Inner Moray Firth	24,483	32,639
Central North Sea	550	1,477
Southern North Sea	989	14
Total	\$ 33,894	\$ 76,511

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. The price the Corporation will receive for its oil and natural gas production may fluctuate continuously and, for the most part, is beyond the Corporation's control.

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.

Ithaca Energy Inc.

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.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes to the Corporation's internal control over financial reporting during the three months ended March 31, 2008 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

COMMITMENT UPDATE

The Corporation has a contract through Senegy Limited to drill a further appraisal well on Athena commencing early June 2008. The contract value is \$33.6million.

There have been no other new material commitments.

OUTSTANDING SHARE INFORMATION

As of May 30, 2008, there are 112,261,975 common shares of the Corporation outstanding and 118,931,975 common shares diluted. There are 6,670,000 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-

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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:

Ithaca Energy

Lawrie Payne, President and CEO
Steven Turner, Chief Financial Officer

lpayne@ithacaenergy.com
sturner@ithacaenergy.com

+44 (0) 207 590 3027
+44 (0) 1224 638 582

Pelham Public Relations

Charles Vivian
Phillip Dennis

charles.vivian@pelhampr.com
philip.dennis@pelhampr.com

+44 (0) 207 743 6672
+44 (0) 207 743 6363

Nabarro Wells & Co Limited

Marc Cramsie

ithaca@nabarro-wells.co.uk

+44 (0) 207 634 4705