

COSTA RELEASES 2008 SECOND QUARTER RESULTS

CALGARY, August 28, 2008 – COSTA Energy Inc. (“COSTA” or the Company)(TSX Venture Exchange: COE) has released its financial and operating results for the three and six months ended June 30, 2008.

SUMMARY

**Three months ended June 30, 2008
(Unaudited)**

| Production and prices | |
|------------------------------------|---------|
| Natural gas sales (mcf/d) | 287 |
| Oil sales (bbls/d) | - |
| Average daily sales 6:1 (boe/d) | 48 |
| Average natural gas price (\$/mcf) | \$10.04 |
| Average oil price (\$/bbl) | \$89.30 |

Financial (\$)

| | |
|---------------------------------------|-------------|
| Oil and gas revenue | \$264,981 |
| Net loss and comprehensive loss | \$2,363,722 |
| Net loss per share, basic and diluted | \$0.06 |

Shares

| | |
|------------------------------------|------------|
| Weighted average basic and diluted | 43,260,735 |
| Outstanding at period end | 43,260,735 |

The Company experienced a net loss and comprehensive loss of \$2,363,722 (\$0.06 per share, basic and diluted) for the quarter ended June 30, 2008. Included is a ceiling test write down of \$2.1 million, primarily due to the impairment of the unproved properties (land and seismic). The Company closed the sale of the Veteran oil property effective April 1, 2008 for \$46,313.

COSTA retained Sayer Energy Advisors to assist in pursuing various strategic alternatives. The Company is presently in discussions with respect to the sale of COSTA Resources Ltd. (“Resources”), a wholly-owned subsidiary which holds the Company’s oil and gas assets. In anticipation of executing an agreement for the

sale of Resources that will require shareholder approval, the Company has scheduled an annual and special meeting of shareholders for October 20, 2008.

About COSTA

COSTA’s interim report, management’s discussion and analysis and financial statements for the quarter ended June 30, 2008 are available on www.sedar.com and the Company’s website at www.costaenergy.com.

COSTA Energy Inc. is a Calgary based junior oil and gas company, which explores for, develops, produces, and sells crude oil, natural gas liquids and natural gas in Alberta.

Requests for shareholder information should be directed to:

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Forward-Looking Statements: Certain information in this press release contains forward-looking statements, including, without limitation, drilling plans, expected results and certain expected expenses and costs in subsequent periods. These forward-looking statements involve inherent risks and uncertainties, some of which are beyond the Company's control, including but not limited to the impact of general economic conditions, industry conditions, commodity price volatility, currency fluctuations, environmental risks, competition, reserve estimates, ability to access sufficient capital from internal and external sources and industry regulation. The assumptions used in the preparation of such information, although considered reasonable by COSTA at the time of preparation, may prove to be incorrect and actual results may differ materially from those expressed in or implied by these forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by applicable securities laws.

Oil Equivalent Conversion: Barrel of oil equivalent ("boe") amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil and natural gas liquids equivalent. This ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead or point of sale. Barrel of oil equivalents may be misleading, particularly if used in isolation.

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