

**Resaca Exploitation, Inc.**

("Resaca" or "the Company")

Final Results for the year ended 30 June 2008

Resaca (AIM:RSOX), the oil production and development company focussed on the Permian Basin in the USA, is pleased to announce its final results for the year ended 30 June 2008.

Prior to the Company's successful flotation on the AIM market of the London Stock Exchange on 17 July 2008, \$10 million of Resaca subordinated debt was converted into equity in the Company and the Company converted from a Delaware partnership to a Texas corporation. Following the corporate conversion, the Company became Resaca Exploitation, Inc. Since the conversion took place after 30 June 2008, the audited financial statements for the year ended 30 June 2008 were issued on Resaca Exploitation, L.P. and do not reflect the flotation or the events that occurred immediately prior to flotation. The Company has included an unaudited pro forma balance sheet in this release that takes into consideration these subsequent events.

Highlights

- Following a Reserves Update in September 2008, the Company's proved and probable ("2P") reserves stand at 31.5 million barrels of oil equivalents ("MMboe") as of 1 July 2008
- Proved, probable and possible ("3P") reserves of 37.6 MMboe as of 1 July 2008
- Successful fundraising of £53.3 million (\$105.8 million) comprised £42.0 million (\$83.4 million) for the Company and £11.3 million (\$22.4 million) for existing shareholders through an institutional placing of 41,000,000 Common Shares at a placing price of 130 pence per share
- Pro forma working capital of \$9 million (£4.5 million) at 30 June 2008 before mark-to-market adjustments and after consideration of flotation and debt pay down
- Additional liquidity at 30 June 2008 from \$38 million (£19 million) of borrowing capacity (after flotation and debt pay down)
- Company has hired two additional engineers to implement exploitation plan, including Bob Porter, Vice President of Engineering of Resaca who will oversee all of the Company's day-to-day operations
- Results of workover and drilling program since flotation in line with, or in excess of, expectations
- Company is currently evaluating a number of acquisitions

JP Bryan, Chairman, commented:

"Since our successful admission to AIM, we are delighted to report that results from the Company's preliminary development plan for our highest value properties in the Permian Basin of West Texas and New Mexico have exceeded expectations. In addition, we are pleased to report that our on-going review of one of our core properties has produced some very encouraging results."

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About Resaca

Resaca is an independent oil and gas development and production company based in Houston, Texas. Resaca is focused on the acquisition and exploitation of long-life oil and gas properties, utilizing a variety of primary, secondary and tertiary recovery techniques. Resaca's current properties are located in the Permian Basin of West Texas and Southeast New Mexico. Additional information is available at www.resacaexploitation.com.

In accordance with the AIM Rules, the information in this announcement has been reviewed by Dennis Hammond, President, who holds a Bachelor of Science degree in Petroleum Engineering and is a registered professional engineer in the State of Texas and who has over 29 years relevant experience within the oil and gas sector.

CHAIRMAN'S STATEMENT

I am pleased to present the Report and Accounts for Resaca Exploitation for the year ended 30 June 2008.

Financial Results

The financial statements for the year ended 30 June 2008 do not reflect Resaca's 17 July 2008 flotation or the events that occurred immediately prior to flotation. The flotation raised £42.0 million (\$83.4 million) to the Company before expenses. The pro forma balance sheet included herein reflects the flotation and the debt repayment that followed. Immediately after the flotation and debt reduction, Resaca had \$9 million (£4.5 million) of working capital and \$38 million (£19 million) of borrowing capacity under its loan facility. We believe this liquidity is sufficient to implement our development plan and provide capital for acquisitions.

Development Plan Update

Since the flotation, the Company has completed the drilling of five new wells in the Cooper Jal Unit. The first well in this programme tested to date is producing 50 barrels of oil equivalents per day ("boe/d") (28 boe/d net), which exceeds the 24 boe/d (13 boe/d net) originally projected. The other four wells will be completed and tested over the next two weeks. We have completed four of the five workovers planned in the Cooper Jal Unit for this phase. These workover have tested at an average production increase of 16 boe/d (9 boe/d net), slightly lower than the 20 boe (11 boe/d net) originally projected.

In the Jordan San Andres Unit, we have completed a four well workover programme. Initial production rate increases from these workovers have averaged 20 boe/d (16 boe/d net), which exceeded expectations of 17 boe/d (13 boe/d net).

In the next few days, we will move the contracted drilling rig to our Grand Clearfork Unit to drill an in-fill well on that property. This new drill is a follow-up to a report recently completed by Avasthi & Associates, a leading CO₂ recovery consulting company, which indicates a recovery of 20% of the original oil in place as compared to the 8% used in the Company's prior reserve reports. The results of this new well will allow us to determine whether we can proceed immediately with a CO₂ flood without additional or with minimal additional water injection.

We will provide a more detailed operations update in the coming weeks as we receive more production data from our workover and drilling programme.

Acquisitions

Given the current economic climate, there may well emerge some very interesting acquisition candidates, companies needing a partner, or those seeking to consolidate. At this time, we are reviewing numerous such opportunities. While there is of course no assurance that these acquisitions will be concluded, Resaca is well positioned to take advantage of these opportunities.

Outlook

I would be remiss not to address the current market for commodities and the impact on our company. In addition to the acquisition, partnership, and consolidation opportunities mentioned above, the decline in commodity prices is causing a drop in the cost of all services and equipment

and these drops may continue in dramatic fashion. Given these events, we anticipate that Resaca will be able to negotiate more attractive terms for its workover, drilling, and infrastructure projects. The price declines will also provide opportunities for Resaca to hire additional qualified personnel. People are the reason for any enduring corporate prosperity. Oil and gas is found not in the ground but in the minds of men and women.

While oil prices have dropped dramatically, the long-term price curve remains strong. In fact, even with the significant decline in prices, the forward strip prices for NYMEX WTI in Resaca's projected periods of peak production (2011-2014) are approximately \$76-\$85 per barrel. These forward strip prices are in-line with the prices used by Seymour Pierce Limited and RBC Capital Markets that resulted in Resaca's 130p initial valuation used in the 17 July 2008 flotation.

Last, I want to encourage you. For 45 years, I have seen these cycles come and go. For those who stay the course and not give in to fear, there lies the opportunity to significantly grow the enterprise. At Resaca, we see that as our primary duty to our shareholders.

JP Bryan
Chairman

The financial statements were approved by the Board on 27 October 2008 and were signed on its behalf by:

JP Bryan	Chris Work
Chairman	Chief Financial Officer

Income Statement
For the year ended 30 June 2008

	Year Ended 30 June 30 2008	Year Ended 30 June 30 2007
Income		
Oil and gas revenues	\$ 18,559,474	\$ 15,491,419
Unrealized loss from price risk management activities	(12,348,851)	(900,907)
Total income	<u>6,210,623</u>	<u>14,590,512</u>
Costs and expenses		
Lease operating	8,671,215	8,971,448
General and administrative	1,961,655	1,553,003
Depreciation, depletion and amortization	2,909,577	2,831,521
Accretion	341,254	294,886
Interest	9,829,539	9,348,457
Total costs and expenses	<u>23,713,240</u>	<u>22,999,315</u>
Net loss	<u><u>\$ (17,502,617)</u></u>	<u><u>\$ (8,408,803)</u></u>

The results above were entirely derived from continuing operations.

Balance Sheet
For the year ended 30 June 2008

	At 30 June 2008	At 30 June 2007
Assets		
Current assets		
Cash and cash equivalents	\$ 188,457	\$ 607,343
Accounts receivable	2,636,359	1,763,829
Prepays and other current assets	3,107,202	523,490
Total current assets	<u>5,932,018</u>	<u>2,894,662</u>
Property and equipment, at cost:		
Oil and gas properties - full cost method	106,964,478	102,521,761
Fixed assets	6,975	3,750
	<u>106,971,453</u>	<u>102,525,511</u>
Accumulated, depreciation, depletion and amortization	(6,209,302)	(3,299,725)
	<u>100,762,151</u>	<u>99,225,786</u>
Land	79,999	-
	<u>100,842,150</u>	<u>99,225,786</u>
Deferred finance costs, net	977,254	1,010,260
Total assets	<u>\$ 107,751,422</u>	<u>\$ 103,130,708</u>
Liabilities and partners' capital (deficit)		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,518,313	\$ 3,555,248
Due to affiliates, net	6,567,863	737,702
Liabilities from price risk management	5,329,135	198,070
Current portion of senior credit facility	18,683,333	15,000,000
Total current liabilities	<u>35,098,644</u>	<u>19,491,020</u>
Senior credit facility, net of current portion	62,616,667	63,660,000
Convertible subordinated debt	10,000,000	10,000,000
Liabilities from price risk management	8,425,495	1,207,709
Asset retirement obligations	3,533,577	3,192,323
Partners' capital (deficit)	<u>(11,922,961)</u>	<u>5,579,656</u>
Total liabilities and partners' capital (deficit)	<u>\$ 107,751,422</u>	<u>\$ 103,130,708</u>

**Statement of changes in partners' capital (deficit)
For the year ended 30 June 2008**

	<u>General Partner</u>	<u>Limited Partners</u>	<u>Total</u>
Balance at July 1, 2006	\$ 93,256	\$ 13,895,203	\$ 13,988,459
Net loss	<u>(56,087)</u>	<u>(8,352,716)</u>	<u>(8,408,803)</u>
Balance at June 30, 2007	37,170	5,542,486	5,579,656
Net loss	<u>(116,742)</u>	<u>(17,385,875)</u>	<u>(17,502,617)</u>
Balance at June 30, 2008	<u>\$ (79,573)</u>	<u>\$ 11,843,388)</u>	<u>\$ (11,922,961)</u>

Statement of cash flows
For the year ended 30 June 2008

	Year Ended June 30, 2008	Year Ended June 30, 2007
Cash flows from operating activities		
Net loss	\$ (17,502,617)	\$ (8,408,803)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Depreciation, depletion and amortization	2,909,577	2,831,521
Accretion	341,254	294,886
Amortization of deferred finance costs	273,006	396,407
Unrealized loss from price risk management activities	12,348,851	900,907
Changes in operating assets and liabilities:		
Accounts receivable	(872,530)	(293,736)
Prepays and other current assets	(2,583,712)	(520,429)
Accounts payable and accrued liabilities	963,065	1,691,453
Due to affiliates, net	5,830,161	310,549
Net cash provided by(used in) operating activities	<u>1,707,055</u>	<u>(2,797,245)</u>
Cash flows from investing activities		
Investment in oil and gas properties	(4,442,717)	(13,721,727)
Investment in land	(79,999)	-
Investment in fixed assets	(3,225)	-
Net cash used in investing activities	<u>(4,525,941)</u>	<u>(13,721,727)</u>
Cash flows from financing activities		
Proceeds from senior credit facility	2,640,000	16,460,000
Deferred finance costs	(240,000)	(260,000)
Net cash provided by financing activities	<u>2,400,000</u>	<u>16,200,000</u>
Net decrease in cash and cash equivalents	(418,886)	(318,972)
CASH AND CASH EQUIVALENTS, beginning of year	607,343	926,315
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 188,457</u>	<u>\$ 607,343</u>
Supplemental cash flow information		
Cash paid during the year for interest	<u>\$ 9,556,533</u>	<u>\$ 8,952,050</u>
Non cash investing and financing activities:		
Establishment of asset retirement obligation	<u>\$ -</u>	<u>\$ 4,530</u>

These financial statements and the notes that accompany them are available on the Company's website at www.resacaexploitation.com.

Pro Forma Balance Sheet (Unaudited)
For the year ended 30 June 2008

	As of 30 June 2008
Assets	
Current assets	
Cash and cash equivalents	\$ 10,758,389
Accounts receivable	2,608,621
Prepays and other current assets	312,364
Total current assets	<u>13,679,374</u>
Property and equipment, at cost:	
Oil and gas properties - full cost method	106,964,478
Fixed assets	6,975
	<u>106,971,453</u>
Accumulated, depreciation, depletion and amortization	(6,209,302)
	<u>100,762,151</u>
Land	79,999
	<u>100,842,150</u>
Noncurrent assets	
Deferred financing costs, net	977,254
Deferred income tax benefit	3,469,230
Total noncurrent assets	<u>4,446,484</u>
Total assets	<u><u>\$ 118,968,008</u></u>
Liabilities and partners' capital (deficit)	
Current liabilities	
Accounts payable and accrued liabilities	\$ 3,588,724
Liabilities from price risk management	5,329,135
Current portion of senior credit facility	1,222,222
Total current liabilities	<u>10,140,081</u>
Senior credit facility, net of current portion	20,777,778
Liabilities from price risk management	8,425,495
Asset retirement obligations	3,533,577
Stockholders' equity	
Common stock	922,587
Additional paid-in capital	98,622,221
Accumulated deficit	(23,453,731)
Total stockholders' equity	<u>76,091,077</u>
Total liabilities and stockholders' equity	<u><u>\$ 118,968,008</u></u>

The balance sheet above reflects Resaca Exploitation, L.P.'s balance sheet as of 30 June 2008 with pro forma adjustments for (1) the conversion of its \$10 million subordinated note to equity, (2) the conversion of Resaca Exploitation, L.P. to a Texas corporation, (3) the recording of deferred income taxes associated with

the corporate conversion, (4) the raising of \$83.4 million of equity in the 17 July 2008 flotation (before expenses), and (5) the repayment of liabilities with funds raised in the flotation.