



Resaca Exploitation, Inc.

("Resaca" or "the Company")

OPERATIONS UPDATE

Implementation of Development Plan

Resaca (AIM:RSOX), the oil production and development company focussed on the Permian Basin in the USA, is pleased to announce details of progress made in the implementation of its development plan for its properties in the Permian Basin of West Texas and New Mexico. Resaca concluded a successful flotation on the AIM market of the London Stock Exchange on 17 July 2008.

The following is a summary of Resaca's progress to date:

- The Company has signed a multi-well drilling contract to drill infill wells on its Cooper Jal property. The contract is for an initial 10 well programme and is renewable at the Company's option in 5 well increments. Resaca spudded the first well in this programme on 29 August 2008. The wells will be drilled on ten acre spacing and each is expected to take approximately 15 days to drill and complete.
- The Company has also initiated a 20+ well workover programme on its Cooper Jal, Penwell Complex, and McElroy properties. Permian Basin Well Services, LLC has provided the workover rigs for this programme to date.
- Resaca has engaged Avasthi & Associates, Inc., a Houston-based petroleum consultancy, to perform an in-depth CO₂ feasibility study on the Company's Grand Clearfork Unit. The Company has already held preliminary discussions with a CO₂ supplier who could supply CO₂ to the field. Subject to the outcome of the feasibility study, Resaca could commence tertiary recovery on the Grand Clearfork Unit significantly earlier than originally projected.
- The Company has commissioned Williamson Petroleum Consultants, Inc. to conduct a field-wide development study of its Iatan Field. The study is expected to be complete by the end of September.
- The Cooper Jal waterflood optimisation efforts continue. The Company has completed the thirteen well clean-out programme it began earlier this year and plans to re-enter and convert another abandoned well to a make-up water source well to increase the amount of water injected at the property.

Acquisitions

The Company is continuing discussions with several parties regarding potential acquisitions of new projects both within and outside the Permian Basin. The Company has conducted additional analysis on several of the properties in question.

Upcoming Announcements and Events

- In mid September, the Company plans to issue a 1 July 2008 oil and gas reserve report
- John J. ("Jay") Lendrum, III, Chief Executive Officer, will present at the oilbarrel.com Conference on 18 September 2008 in London
- J.P. Bryan, Chairman of the Board, will present at RBC Capital Market's Oil Conference on 9 October 2008 in London

Commenting on Resaca’s efforts to date, Jay Lendrum, Chief Executive Officer, said:

“We are pleased with our progress to date in the implementation of the development plan we set out at the time of listing on AIM in July 2008. In addition, we are hopeful regarding the prospect of accelerating our CO₂ injection programme on the Grand Clearfork Unit, which would be far ahead of the 2011 timeframe we set out originally. Finally, the analysis of the Iatan Field could produce exploitation projects on that property that we had not previously identified.”

“On the acquisition and joint venture front, our discussions to date with prospective sellers and joint venture partners have been productive. We have been presented with several interesting acquisition targets that we are diligently evaluating.”

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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 and signed-off by Dennis Hammond, President, who has over 29 years relevant experience within the sector.