



Resaca Exploitation, Inc.

("Resaca" or "the Company")

RESERVES UPDATE

Resaca (AIM:RSOX), the oil production and development company focussed on the Permian Basin in the USA, is pleased to announce an updated reserve study as of 1 July 2008 for the Company's oil and gas properties.

Resaca's proved and probable ("2P") reserves were 28.2 million barrels ("MMbbls") of oil and 19.6 billion cubic feet ("Bcf") of natural gas as of 1 July 2008 for a total of 31.5 million barrels of oil equivalents ("MMboe"). The Company's proved reserves represented 55% of the 2P reserves. Additionally, Resaca's possible reserves were 5.5 MMbbls of oil and 4.2 Bcf of natural gas as of 1 July 2008 for total proved, probable and possible ("3P") reserves of 33.7 MMbbls of oil and 23.8 Bcf of natural gas (37.6 MMboe). All reserves are calculated on a net revenue interest basis (working interest volumes less royalties).

The Company commissioned Haas Petroleum Engineering Services, Inc. ("Haas") to prepare a reserve report for its primary and secondary recovery (water injection) reserves. Resaca commissioned Williamson Petroleum Consultants, Inc. ("Williamson") to prepare a reserve report considering only those additional reserves which could be recovered through tertiary recovery (CO₂ injection). Together, these reports provide a complete analysis of Resaca's reserves. Details of the reports are set out in the table below.

	Oil (MMbbls)	Natural Gas (Bcfe)	MMboe	NPV @10% Discount \$MM (Pre-Tax)
Proved Reserves				
Haas	14.4	18.4	17.4	\$422.4
Williamson	0	0	0	0
Total Proved Reserves	<u>14.4</u>	<u>18.4</u>	<u>17.4</u>	<u>\$422.4</u>
Probable Reserves				
Haas	1.2	1.2	1.4	\$39.9
Williamson	12.6	0	12.7	206.3
Total Probable Reserves	<u>13.8</u>	<u>1.2</u>	<u>14.1</u>	<u>\$246.2</u>
Total 2P Reserves	<u>28.2</u>	<u>19.6</u>	<u>31.5</u>	<u>\$668.6</u>
Possible Reserves				
Haas	4.2	4.2	4.8	\$122.7
Williamson	1.3	0	1.3	20.0
Total Possible Reserves	<u>5.5</u>	<u>4.2</u>	<u>6.1</u>	<u>\$142.7</u>
Total 3P Reserves	<u>33.7</u>	<u>23.8</u>	<u>37.6</u>	<u>\$811.3</u>

Oil prices are based on the un-weighted arithmetic average of the closing price for NYMEX West Texas Intermediate oil on the last day of the month in each of the twelve months preceding 1 July 2008. This figure was calculated to be \$99.09 per barrel and is further adjusted by field for quality, transportation fees, and regional price differentials. Gas prices are based on the un-weighted arithmetic average of the closing price for NYMEX Henry Hub natural gas on the last day of the month in each of the twelve months preceding 1

July 2008. This figure was calculated to be \$8.76 per MMBtu and is also adjusted by field for transportation fees and regional price differentials. The trailing twelve month average pricing methodology described above is based on proposed rules issued by the U.S. Securities and Exchange Commission ("SEC") on 9 July 2008 related to the Modernization of the Oil and Gas Reporting Requirements. If the reserves had been evaluated using current SEC pricing methodology, prices would have been \$140.18 per barrel of oil and \$13.374 per MMBtu of natural gas. Using these prices, the value of Resaca's Proved, 2P, and 3P reserves would be 61%, 69%, and 68% higher, respectively.

The estimates of reserves and future revenue were prepared in accordance with the definitions and guidelines set forth in the March 2007 Petroleum Resources Management System as sponsored and prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers.

For further information please contact:

Resaca Exploitation, Inc.

J.P. Bryan, Chairman	+1 713-753-1300
John J. ("Jay") Lendrum, III, Chief Executive Officer	+1 713-753-1400
Dennis Hammond, President and Chief Operating Officer	+1 713-753-1281
Chris Work, Chief Financial Officer	+1 713-753-1406

Buchanan Communications (Investor Relations)

+44 (0)20 7466 5000

Ben Willey
Catherine Breen

Seymour Pierce Limited (Nomad and Joint Broker)

+44 (0)20 7107 8000

Jonathan Wright
Matt Thomas

RBC Capital Markets (Joint Broker)

+44 (0)207 653 4667

Sarah Wharry

About Resaca

Resaca is an independent oil and gas development and production company based in Houston, Texas. Resaca is focussed 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 approved by Dennis Hammond, President. Mr. Hammond has a Bachelor of Science degree in Petroleum Engineering, is a registered professional engineer in the State of Texas, and has over 29 years relevant experience within the sector.