



Resaca Exploitation, Inc.

("Resaca" or "the Company")

RESPONSE TO DROP IN SHARE PRICE

Resaca (AIM:RSOX) notes the significant drop in its share price on 7 October 2008 and is not aware of any operational or other issues that would justify such a fall. The Company's management is focused on the implementation of its business plan and is pleased to provide the following brief update on operational issues and corporate events:

- The Company continues to implement its development plan for its properties in the Permian Basin of West Texas and New Mexico as outlined in its 1 September 2008 press release. The Company's drilling and workover programme continues according to plan and results to date have been encouraging.
- Resaca is currently in discussions with several parties regarding attractive acquisitions opportunities within and outside the Permian Basin.
- The Company plans to release its financial results for the period ending 30 June 2008 on 28 October 2008.

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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.