

**Resaca Exploitation, Inc.**

("Resaca" or "the Company")

Operations Update

Resaca (AIM:RSX and RSOX), the oil and natural gas production, exploitation, and development company focused on the Permian Basin in the USA, is pleased to provide the following operations update. Resaca continues to build shareholder value by acquiring, exploiting and producing oil and gas from its West Texas and New Mexico Permian Basin properties. Resaca's exploitation plan includes the drilling of infill wells, opening behind pipe zones, re-completing wells, reactivating and optimizing waterfloods, improving field infrastructure and, subsequently, CO₂ flooding.

Over the last twelve months, the Company has primarily focused its exploitation efforts on its largest property, the Cooper Jal Unit located in Southeast New Mexico. As of 30 June 2009, the Cooper Jal Unit contained greater than 11 MMboe of proved and probable net reserves. At Cooper Jal, the Company has successfully maintained its targeted water injection levels of over 18,000 bw/d since July 2009. The increased water injection, along with facility upgrades and injection well cleanouts, has resulted in significant reservoir response, which have increased gross production at the Cooper Jal from 450 boe/d to currently over 565 boe/d. Resaca's net revenue interest in the Cooper Jal Unit is approximately 56 percent. In addition, as expected, the reservoir response has seen increased average daily total fluid volumes produced (from 8,600 bf/d to 10,900 bf/d), decreased the field's average gas to oil ratio (1,500 to 900 standard cubic feet/bbl), and increased bottom hole pressures throughout the field. These positive developments confirm Resaca's ability to execute its plan of re-pressuring the reservoir to an optimal level in preparation of the Company's planned CO₂ flood at the property. Further production increases are expected as the Company implements future phases of the water injection program at Cooper Jal.

As reported on 28 September 2009, Resaca successfully re-fraced one of its infill development wells at Cooper Jal Unit and increased the production rate from this well. Resaca has a significant inventory of similar re-frac opportunities, which the Company is currently pursuing with a view to substantially increase production at Cooper Jal. Resaca has re-fraced a total of six wells at Cooper Jal, of which five are currently on production and four have been tested for greater than 30 days. Resaca is currently bringing the sixth refraced well on production. Production tests on the first four wells have delivered an average initial rate of 49 boe/d per well, which represents a five-fold increase versus rates prior to this stimulation work (9 boe/d). The average 30-day stabilized rate of 36 boe/d per well on these four wells represents a four-fold increase in production. This production increase compares very favourably with the expected initial rates estimated by Resaca's third-party engineers (reflected in the Company's 30 June 2009 reserve report) of approximately 20 boe/d per well. Based on these favourable results, Resaca is pleased with the continued success of its re-frac program and the validation of its strategy to deliver shareholder value through the exploitation of known oil and gas reserves using proven engineering techniques. Other opportunities the Company intends to pursue at Cooper Jal include drilling infill wells on tighter 10-acre spacing and completing previously un-drained behind pipe reserves in existing wellbores. New technologies and efficiency gains discovered in the highly successful re-frac program will be applied to these other opportunities as well.

At the Company's Jordan San Andres, Edwards Grayburg, and Grand Clearfork Units, Resaca has focused its efforts on maintaining its existing waterfloods in preparation of planned waterflood optimization, waterflood expansions, and facility upgrades. At the Company's minor properties, Resaca has restored all of its previously shut-in wells that are economic at current prices back to production.

Resaca's current net production rate is approximately 700 boe/d.

The Company expects to release its 31 December 2009 reserve information on or about 31 March 2010.

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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 30 years relevant experience within the sector.