

**Resaca Exploitation, Inc.**

("Resaca" or "the Company")

Reserves and 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 announce an updated reserve study as of 1 July 2009 for the Company's oil and gas properties and to provide an operational update.

Highlights

- Proved and probable reserves of 26.8 million barrels of oil and 15.6 billion cubic feet of natural gas. Total of 29.3 million barrels of oil equivalents
- Proved, probable and possible reserves of 32.1 million barrels of oil and 19.1 billion cubic feet of natural gas
- Successful re-fracing of one of the recently drilled infill wells with encouraging production rates
- Water injection levels at Cooper Jal reached and maintained the targeted level of 18,000 barrels of water per day
- Significantly reduced operating expenses
- Restored production from minor wells in line with the oil price recovery

Resaca's proved and probable ("2P") reserves were 26.8 million barrels ("MMbbls") of oil and 15.6 billion cubic feet ("Bcf") of natural gas as of 1 July 2009, for a total of 29.3 million barrels of oil equivalents ("MMboe"). The Company's proved reserves represented 49% of the 2P reserves. Additionally, Resaca's possible reserves were 5.4 MMbbls of oil and 3.5 Bcf of natural gas as of 1 July 2009 for total proved, probable and possible ("3P") reserves of 32.2 MMbbls of oil and 19.1 Bcf of natural gas (35.3 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 (Bcf)	MMboe	NPV @10% Discount \$MM (Pre-Tax)
Proved Reserves				
Haas	12.1	13.4	14.3	\$214.2
Williamson	0	0	0	0
Total Proved Reserves	12.1	13.4	14.3	\$214.2
Probable Reserves				
Haas	2.0	2.2	2.4	\$47.1
Williamson	12.7	0	12.7	79.3
Total Probable Reserves	14.7	2.2	15.1	\$126.4
Total 2P Reserves	26.8	15.6	29.4	\$340.6
Possible Reserves				
Haas	4.1	3.5	4.7	\$76.9
Williamson	1.3	0	1.3	7.2
Total Possible Reserves	5.4	3.5	6.0	\$84.1
Total 3P Reserves	32.2	19.1	35.4	\$424.7

For the purposes of the NPV of the reserves, oil prices are based on the un-weighted arithmetic average of the closing price for NYMEX West Texas Intermediate oil on the first day of the month in each of the twelve months preceding 1 July 2009. This figure was calculated to be \$73.69 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 first day of the month in each of the twelve months preceding 1 July 2009. This figure was calculated to be \$6.46 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 final rules issued by the US Securities and Exchange Commission ("SEC") on 14 January 2009 related to the Modernization of the Oil and Gas Reporting Requirements.

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.

Operations Update

Resaca continues its focus on the implementation of its business plan to acquire, exploit and produce oil and gas from known petroliferous areas. Resaca's exploitation plan for its properties in the Permian Basin of West Texas includes the drilling of infill wells, opening behind pipe zones, re-completing wells, reactivating and optimizing waterfloods, improving field infrastructure, and later stage CO₂ flooding. The Company is pleased to provide the following update on operational matters.

At the Cooper Jal Unit, Resaca's largest property, the Company has successfully re-fraced one of its recently drilled infill wells and achieved encouraging production rates from the well. Recently obtained core analysis has encouraged the Company to shift to a larger frac procedure in order to properly stimulate both previously produced and by-passed pay sections in the field. Results from the first well using this technique have contributed a stabilized oil rate of approximately 30 bopd. Additional testing should confirm the validity of this approach and lead to a more efficient completion procedure for future behind-pipe and infill completions as well as re-fracing of some existing producing wells. The Company believes there are 20-30 wells in the field that are candidates for this procedure.

Water injection levels at the Cooper Jal property have reached and maintained the targeted level of 18,000 bwpd. Encouraging results to this injection have been evident in total field fluid production level increases, gas-oil ratio decreases, and total field production rate increases. This level of water injection provides support for re-pressuring the reservoir as required for future CO₂ flooding, as well as providing pressure support for both existing production and planned additional exploitation activities.

During the recent period of depressed oil prices, Resaca significantly reduced its operating expenses through a reduction of personnel, aggressive reductions in service items costs, and the temporary shut-in of some minor but higher cost producing wells. As oil prices have recovered, Resaca has restored the bulk of its production from these minor properties.

The Company will report its final results for the year ended 30 June 2009, on Friday 2 October 2009.

Commenting on the Reserve and Operations Update, Jay Lendrum, Chief Executive Officer of Resaca, said:

“Resaca has continued to actively prioritize its operations through the recent period of depressed oil prices. One of the main priorities has been the initiation of a program to re-fracture wells at the Cooper Jal Unit. We are encouraged that the first well in the program was successful and we intend to pursue other similar opportunities on the property. We are also pleased that we achieved our target water injection levels at Cooper Jal and we are beginning to see results from the increased water injection rates.

“In response to the depressed oil prices earlier in the year, we significantly reduced operating expenses across the Company and temporarily shut-in of some our high operating cost wells. With the recovery in prices, we restored production from a majority of these wells. The Company is well positioned to increase activities at current oil prices and we look forward to providing a further update at the time of the Company’s final results.”

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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.