

**Resaca Exploitation, Inc.**

("Resaca" or the "Company")

Acquisition of workover rigs and other operating assets

Resaca (AIM:RSOX), the oil and natural gas production, exploitation and development company focused on the Permian Basin in the USA, announces that it has reached agreement with Permian Basin Well Services, LLC ("PBWS") to acquire a number of workover rigs, reversing units and related assets for a consideration of \$1,594,000 (the "Transfer Price"), to be satisfied by the issue of 3,320,250 new shares of common stock in the Company ("Common Shares"). PBWS is a wholly-owned subsidiary of Torch Energy Advisers, Inc. ("TEAI"), a major shareholder in the Company and controlled by J.P. Bryan, the Company's Chairman. Accordingly, the transaction is a related party transaction under the AIM Rules.

Background

As highlighted in the Company's AIM admission document of 14 July 2008, PBWS has, since Resaca's formation in 2006, provided approximately 40-60% of Resaca's workover and reversing unit services. The equipment has been provided to Resaca on a priority basis and the hourly rates charged have been in line with industry rates. Resaca has, however, concluded that there are economic and operational benefits to be gained from owning and operating the equipment, rather than renting from PBWS.

Assets to be acquired

Pursuant to the terms of the agreement between Resaca and PBWS, Resaca will acquire three mobile workover rigs, two reversing units and related power swivels, fishing tools, other ancillary tools and equipment, vehicles, trailers, construction equipment and spare parts together with an office building, a shop and a yard in Odessa, Texas. Resaca plans to vacate the premises it currently leases in Odessa when its lease expires at the end of the calendar year and occupy the property acquired from PBWS. The operating equipment and the property to be acquired have been independently valued and the purchase price reflects the independently appraised values.

Resaca will also hire some PBWS employees to operate the workover rigs.

Agreement terms

The aggregate purchase price for the equipment and property is \$1,594,000, which will be satisfied by the issue of 3,320,250 new Common Shares, representing approximately 3.5 per cent. of the enlarged issued share capital of the Company. Immediately following issue, the new Common Shares will be transferred to Torch E&P Company, another subsidiary of TEAI.

The number of Common Shares was determined by dividing the Transfer Price by US\$.48, which reflects the 6 July 2007 closing stock price on the AIM market of the London Stock Exchange of 29.5 pence per share, converted at an exchange rate of 1.627. This price reflects an approximate 12 per cent premium over the trailing 30 day price of the Common Shares as of 6 July 2007.

The independent directors of Resaca, having consulted with Seymour Pierce, Resaca's nominated adviser, consider the terms of the agreement to be fair and reasonable insofar as shareholders in Resaca are concerned.

Following the issue of the new Common Shares, TEAI will control 15,866,793 Common Shares, representing approximately 16.6 per cent. of the enlarged issued share capital of the Company and J. P. Bryan will be

interested in 1,591,084 Common Shares (1.7 per cent.)

Application has been made for the 3,320,250 new Common Shares to be admitted to trading on AIM and admission is expected to occur on Monday 13 July 2009.

The acquisition is also conditional upon it being ratified by stockholders, which will be sought at the Company's next Annual General Meeting.

For further information please contact:

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About Resaca

Resaca is an independent oil and natural gas production, exploitation, and development 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.