



**Resaca Interim Results  
for the Six Months Ended 31 December 2008**

**April 2009**



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# Overview

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- First phase of capital program completed (\$10 million), currently focused on low cost projects
- Capital costs continue to fall for materials & services
  - 30% decrease in last 9 months
- Measures taken to reduce operating & general & administrative costs
  - \$300,000 per month of total savings
  - Implemented from January – May, substantially all now in place
- Cash flow positive
- Waterflood optimization efforts continue
  - Redirect water into proper zones
  - Increase water pressure prior to additional CAPEX
- Preparing properties for future CO<sub>2</sub> floods - forward price curve supports business plan
- Actively pursuing strategic mergers, acquisitions & joint ventures

## Projected Production – 31 December 2009

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Major Category	boe/d (net)
Current Production	700
Additional Production – Cooper Jal Waterflood	140
Additional Production – Jordan San Andres Waterflood	90
Projected Production – 31 December 2009	930
Shut-In Production – Marginal Properties	70
Potential Production With Minimal CAPEX	1,000

### Assumptions:

- No increase in oil prices
- Focus on waterflood optimization, increased water injection, and facility improvements
- Minimal CAPEX spending

## Reserves Summary (internal roll forward as of 01 January 2009)

Reserve Category	MMBoe	Pre-Tax PV 10% (\$million)
Proved Developed Producing	2.4	\$35.7
PDNP/Shut-In	7.5	\$136.6
Proved Undeveloped	6.3	\$74.3
<b>Total Proved Reserves - 1P</b>	<b>16.2</b>	<b>\$246.6</b>
Probable	1.4	\$27.6
<b>Total Proved and Probable Reserves – 2P</b>	<b>17.6</b>	<b>\$274.2</b>
Total Possible Reserves	4.9	\$77.8
<b>Total Proved, Probable, &amp; Possible Reserves – 3P</b>	<b>22.5</b>	<b>\$352.0</b>

Roll forward by internal engineers of 01 July 2008 report prepared by Haas Petroleum Engineering Services, Inc. using 23 April 2009 strip pricing, adjusted for quality and location differentials. 90% of reserves are oil. CO<sub>2</sub> reserves not shown above – 2P of 12.8 MMBoe and 3P of 14.1 MMBoe. Strip pricing as follows:

Year	WTI Oil/bbl.	NYMEX Gas/MCF
2009	\$52.43	4.15
2010	\$60.91	5.97
2011	\$66.18	6.83
2012	\$68.78	7.14
2013	\$70.49	7.27
2014 on	\$72.34	7.36

## Interim Results Highlights – Six Months Ended 31 Dec 2008

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- Began first phase of its capital program after successful flotation
- December net production averaged >700 barrels of oil equivalent per day (“boe/d”), current focus:
  - Re-pressuring reservoirs to increase production
  - Infrastructure improvements to stabilize & increase production
- Approximately 65% of current production is hedged through May 2011
  - Crude oil price floor equivalent to a NYMEX WTI price of ~\$62/bbl
  - Natural gas price floor equivalent to NYMEX Henry Hub index price of ~\$7.30/Mmbtu
- Financial Highlights
  - Oil and gas revenues before hedging of \$9.7 million (\$8.3 million after hedging settlements)
  - Unrealized gain from hedging activities of \$16.9 million
  - Total income of \$25.2 million
  - Income before taxes of \$13.6 million
  - EBITDA of \$2.3 million

# Operations Update

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- Continue to reactivate and optimize waterfloods; improve infrastructure
- Cooper Jal property
  - Drilled 6 new wells, completed behind pipe workovers, cleaned out water injection wells, added make-up water source capacity & made facility improvements
  - Current water injection rate - 15,000 barrels per day
  - Deeping/converting wells to achieve target injection rate of 18,000 barrels per day; completion expected in late May
  - Refining waterflood optimization plan
  - 140 boep/d of net production expected by 31 December with minimal CAPEX
  - Evaluating completion methodologies & additional facility improvements
  - Readyng property for future CO<sub>2</sub> flood

# Operations Update

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- Other properties
  - Drilled 1 new well, completed workovers, cleaned out water injection wells & made facility improvements
  - Re-pressure Jordan San Andres reservoir – 90 net boe/d by 31 December
  - Refining water flood optimization plans
  - Ready primary properties for future CO<sub>2</sub> floods
- Implemented operating cost reduction measures
  - Workforce, services & material cost reductions
  - Proactive shut-ins of marginal properties
- Future capital plans
  - Additional water source capacity at Cooper Jal and Jordan San Andres only active CAPEX projects
  - Other CAPEX on hold until prices improve & as costs continue to fall
  - Forward price curve supports long-term CO<sub>2</sub> flood plans

# Company Strategy & Acquisitions

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- Strategy to deliver growth in shareholder value
  - Exploitation of existing properties
  - Acquire & exploit additional properties in Permian & other US Basins
- Opportunities with significant amounts of known reserves in place
  - Infill drilling opportunities
  - Upside potential from secondary & tertiary recovery
  - Ability to double or triple recovery rates
- Opportunities may include:
  - Additional interests in existing properties
  - Properties near or adjacent to Resaca's existing acreage
  - Other US properties with shallow reserves exploitable with secondary & tertiary recovery techniques
- Longer-term - Pursue expansion outside the US

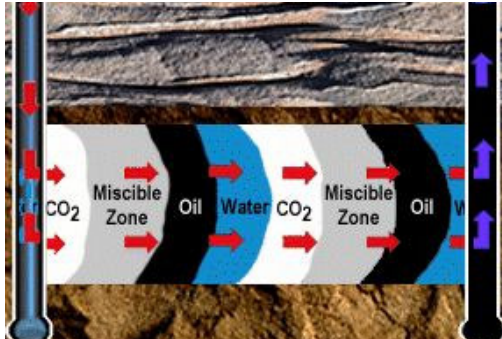
## Overview of Current Property Base

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- Eight producing fields on more than 15,000 acres
- Properties located in New Mexico & Texas
- 90% of reserves are oil
- Oil initially in place > 400 MMbbls; approx 14% recovered to date
- Plan to recover a minimum of 30.4 MMBoe from these fields
- Properties have extremely long lives (> 40 years) and potential to generate significant cash flows
- Recovery will be primary, then a more efficient waterflood program, followed by CO<sub>2</sub> injection
- Targeted production rate of 6,700 boe/d in 2014 from current properties

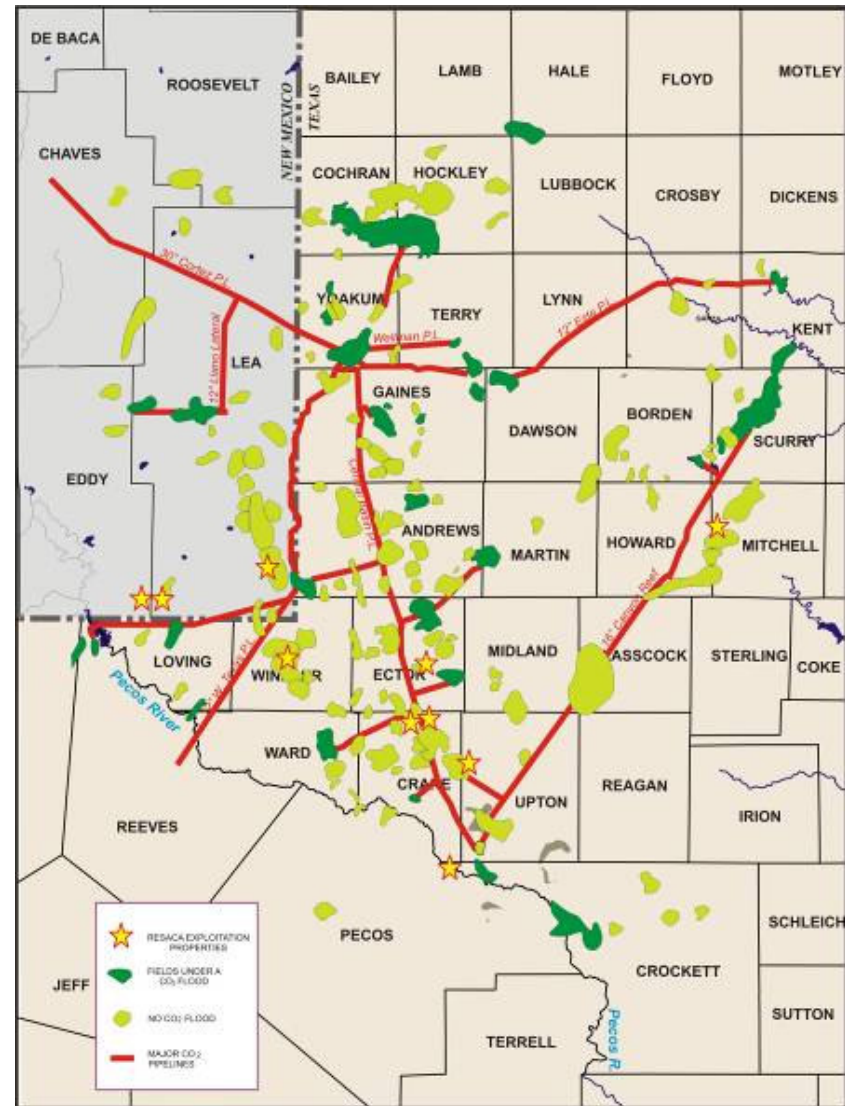
# Enhanced Recovery Techniques – CO<sub>2</sub> Flooding

- CO<sub>2</sub> tertiary flooding is a proven method of enhancing oil recovery



Source: Kinder Morgan

- CO<sub>2</sub> oil recovery was developed in the Permian Basin
- Resaca's principal properties were identified in a 2006 Department of Energy CO<sub>2</sub> study as being amenable to CO<sub>2</sub> oil recovery
- CPR utilizes 7.5% recovery of oil initially in place
- Analogous CO<sub>2</sub> projects indicate recoveries of as high as 14% to 16% of the oil initially in place
- Other CO<sub>2</sub> floods and CO<sub>2</sub> pipeline infrastructure exist near or through Resaca's major fields
- Letter agreement with Kinder Morgan CO<sub>2</sub> Company, L.P. to supply CO<sub>2</sub>
- Pilot injection program design in progress

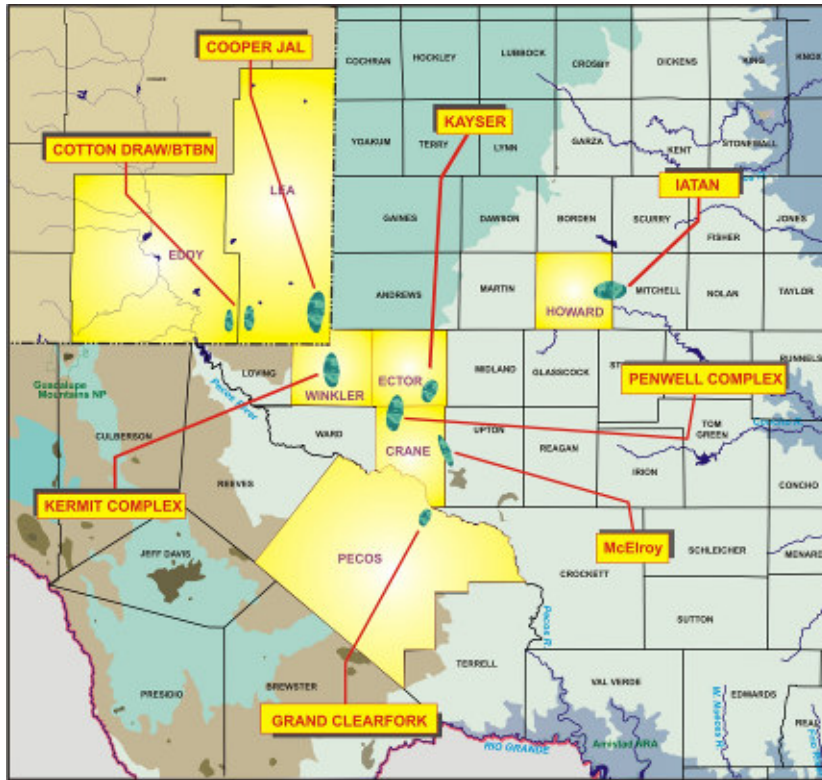


Source: Resaca Exploitation

PERMIAN BASIN CO<sub>2</sub> INFRASTRUCTURE

# Operations: Asset Summary

Unit	Working Interest %	Producing Wells No.	Oil Initially In Place MMBbls	Projected Recovery to 31 December 2022 MMBbls – (%)
Cooper Jal Unit Complex	72.5	68	161.7	36.4 – (22.5%)
Penwell Complex	100	83	98.5	24.5 – (24.9%)
Grand Clearfork Unit	100	23	24.1	4.3 – (17.8%)
Minor fields (Iatan, Kayser, Kermit, McElroy, Cottondraw/BTBN)	50 to 100	112	N/A	N/A



- Operational control of all properties
- 15,000 gross acres under lease - 286 producing and 65 injection wells
- Infrastructure in place
- Access to Torch Energy's workover rigs and reversing units
- Drilling rigs readily available
- Minimal execution risk

# Impact on Environment and Energy Supply

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Resaca plans to contribute to a cleaner environment while supplying energy to assist with current & projected shortages.

To accomplish these objectives Resaca intends to:

- Use sequestered CO<sub>2</sub> from natural or industrial waste streams, the largest contributors to global warming
- Reclaim oil and gas fields that were poorly exploited or not properly maintained, while minimizing impact to the environment
- Apply these processes to properties both inside & outside the US

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# Financials

## Income Statement For Six Months Ended 31 Dec 2008

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- Oil & gas revenue of \$8.3 million
- Unrealized gain from hedging activities of \$16.9 million
- Total income of \$25.2 million, following unrealized gain from price risk management activities
- Total costs and expenses of \$11.5 million
- Net income before deferred taxes of \$13.6 million
- EBITDA of \$2.3 million

## Balance Sheet at 31 December 2008

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- Total current assets of \$6.2 million
- Total assets of \$124.5 million
- Senior debt of \$28 million (current balance \$32 million, currently refinancing)

# Reporting and News Flow

Report	Period Ending/ Effective Date	Publication date	Description
Annual Reserve Update	01 July 2009	31 August 2009	Resaca reserve update as at 01 July 2009
Annual Accounts for 2009	30 June 2008	30 September 2009	Audited annual accounts for year ending 30 June 2009
2009 Annual Report	30 June 2008	End October 2009	Annual report for year ending 30 June 2009
Interim Reserve Update	01 January 2010	Early March 2010	Resaca reserve update as at 1 January 2010
Interim Accounts for H1 2009	31 December 2009	End March 2010	Unaudited interim accounts for six-month period ending 31 December 2009

- Resaca issues reserve updates twice annually
- In addition to reports above, Resaca's expected news flow will include:
  - Operations updates
  - Reporting of acquisitions
  - Reporting of other significant corporate events

## Summary

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- First phase of capital program now successfully completed
- Costs tightly controlled
  - Capital reductions will continue in materials & services
  - Operating & general & administrative reduced
  - Cash flow positive
  - Focused on low cost projects in current environment
- Proved and probable reserves stand at 30.4 MMboe as of 01 January 2009
- Waterflood optimization efforts continue
  - Coper Jal water injection currently in excess of 15,000 barrels per day
  - Adding additional water injection at Cooper Jal and Jordan San Andres
  - Redirecting water injection where necessary
- Preparing properties for future CO<sub>2</sub> floods
- Actively pursuing strategic M&A opportunities

## Shareholder Structure (As of 31 March 2009)

Shareholder	Shares	% of TSO	% of DSO
Institutions & Nominees (74)	58,920,379	63.9%	60.0%
Individuals (24)	18,856,814	20.4%	19.2%
Management & Torch	14,481,546	15.7%	14.8%
Total Shares Outstanding	92,258,739	100.0%	94.0%
Restricted Shares & Options Held By Management	5,862,302		6.0%
Fully Diluted Shares Outstanding	98,121,041	100.0%	100.0%

Ownership by Category (Fully diluted)

