

## **Petro-Reef Resources Ltd. Provides drilling update**

Calgary, Alberta - July 26, 2007 – Petro-Reef Resources Ltd. is pleased to provide an update of its recent drilling activities. To date in 2007, the Company has drilled five wells in Alexander, all of which have been successful.

In January, Petro-Reef drilled an oil well at 11-14. The well was placed on a 30-to-60 day production test within the last week. Results will be released after the test is complete.

At 14-1, the Company drilled, completed and equipped a natural gas well in February. The well is now on stream.

In March, Petro-Reef drilled a twin well at 11-27. The well was production tested and placed on stream in July. Production from the well is being adjusted as a result of the recent installation of a compressor in the area. Installation of the compressor is expected to allow Petro-Reef to handle low pressure solution gas from its oil wells and increase the productivity of its natural gas wells.

At 10-1, the Company tested oil in June. Production facilities are expected to be built within 45 to 60 days, after which the well will be placed on a 30-day production test.

Also in June, Petro-Reef drilled a well at 13-33 and encountered hydrocarbons in a previously unidentified zone. Production casing has now been set. The well awaits completion and testing.

In total, Petro-Reef expects to drill 16 wells (9.51 net) in 2007. Based on the success of the Company's drilling program to date, the Company estimates its current production has increased to 800 barrels of oil equivalent per day.

Reference is made to barrels of oil equivalent (BOE). Barrels of oil equivalent may be misleading, particularly if used in isolation. In accordance with National Instrument 51-101, a BOE conversion ratio for natural gas of 6 Mcf: 1Bbl has been used, which is based on an energy equivalent conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

***Forward-Looking Statements:*** All statements, other than statements of historical fact, set forth in this news release, including without limitation, assumptions and statements regarding reservoirs, resources and reserves, future production rates, exploration and development results, financial results, and future plans, operations and objectives of the Corporation are forward-looking statements that involve substantial known and unknown risks and uncertainties. Some of these risks and uncertainties are beyond management's control, including but not limited to, the impact of general economic conditions, industry

*conditions, fluctuation of commodity prices, fluctuation of foreign exchange rates, environmental risks, industry competition, availability of qualified personnel and management, availability of materials, equipment and third party services, stock market volatility, timely and cost effective access to sufficient capital from such information, although considered reasonable by the Corporation at the time of preparation, may prove to be incorrect. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.*

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