

NEWS RELEASE

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PETRO-REEF RESOURCES LTD.

Petro-Reef Announces an Increase in Production and Operating Revenue

Petro-Reef Resources Ltd. (TSX Venture – PER) is pleased to announce that there has been an increase in production and operating revenue.

In July 2003 Petro-Reef drilled a well into the Devonian Wabamun formation in its core area in Central Alberta. Petro-Reef has a forty-four percent working interest. The well was open-hole completed to total depth and encountered eighty-six feet of porosity. Test results from the open hole produced natural gas at rates of up to twenty-two million cubic feet per day. Infrastructure for production of the well – ie: pipelines and plant facilities were then constructed. Finally in mid November production testing began at a rate of about 1.9 million cubic feet of natural gas per day with minor amounts of crude oil. By December 31, 2003 this well had produced, net to Petro-Reef, 6448 barrels of oil equivalent with only 128 barrels of crude oil, and had generated for Petro-Reef a net operating revenue of \$184,800. For December 2003 the well produced about 134 barrels of oil equivalent per day in addition to production from other wells of about 60 barrels of oil equivalent per day, net to Petro-Reef. Total production for 2003 net to Petro-Reef was 27,179.85 barrels of oil equivalent. The conversion of natural gas to barrels of oil equivalent is at a rate of 6,000 cubic feet of natural gas to one barrel of oil equivalent.

During December 2003 production rates declined such that by early January 2004 the natural gas production had dropped to about 1.35 million cubic feet per day with about twenty-five barrels of crude oil per day. To optimize production it was determined that additional equipment and facilities were required. To accomplish this the well was not produced for a period of six weeks in January and February 2004. In addition complications arose due to mechanical failures brought about by a spell of severe cold weather conditions. The well was placed back on production on February 22, 2004.

The well is currently producing natural gas in the range of 1.5 million cubic feet per day (BTU adjusted) along with about twenty-five barrels of crude oil per day. It has been determined recently to add compression facilities in March 2004 in order to maintain and possibly increase production.

Petro-Reef Resources Ltd. is a Calgary based crude oil and natural gas exploration company with producing properties in Alberta, Canada.

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