

FORM 27

**MATERIAL CHANGE REPORT UNDER SECTION 146(1)
OF THE SECURITIES ACT**

ITEM 1 Reporting Issuer:

Petro-Reef Resources Ltd.
2020, 800 – 5th Avenue S.W.
Calgary, Alberta T2P 3T6

ITEM 2 Date of Material Change:

March 11, 2004

ITEM 3 News Release:

A news release was sent via CNN Matthews March 11, 2004 at 14:05 hrs.

It was also SEDAR Filed the same day.

ITEM 4 Summary of Material Change:

The following is the text of the news release:

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.

ITEM 5 Full Description of Material Change:

The well referred to in the press release is PER et al Alexander 05-31-055-26W4M. Spud date was 2003-07-08. Rig release date was 2003-07-19. It was drilled with Petro-Reef as operator on an un-promoted basis. Petro-Reef has a 44% working interest. Two industry participants have the remaining 66% working interest.

The capital required for drilling, equipping, pipeline, consultation and including the compression to be installed in March will be in the range of \$714,300, net to Petro-Reef.

Prior to the production of the well the average daily production for the first ten months of 2003 was about fifty-six barrels of oil equivalent. The 05-31 alone in December 2003 contributed one hundred thirty-four barrels of oil equivalent, an increase of about 139%. For the same ten month period average net operating revenue after royalties and operating expenses was about \$41,013. The 05-31 alone in December 2003 contributed \$131,019, an increase of about 219%.

Production from the well is not considered to be stable at this time and may undoubtedly experience further fluctuations.

ITEM 6 Reliance on Section 146(2) of the Securities Act:

none

ITEM 7 Omitted Information:

none

ITEM 8 Senior Officers:

The following senior officers may be contacted at

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Joseph Werner
Theodore M. Donhuysen

ITEM 9 Statement of Senior Officer:

The foregoing accurately discloses the material change referred to in this report.

Signed: “ Joseph Werner ”
Joseph Werner

Dated: March 17, 2004 at Calgary Alberta.