

PETRO-REEF RESOURCES LTD.

NEWS RELEASE

TSX Venture Exchange
Symbol PER
Common Shares Outstanding 17,938,937

Calgary, Alberta
July 19, 2005

PETRO-REEF RESOURCES ANNOUNCES PRIVATE PLACEMENT

CALGARY, ALBERTA, Tuesday, July 19, 2005 - Petro-Reef Resources Ltd. ("Petro-Reef" or the "Company") is pleased to announce that it has agreed to issue by way of a private placement an aggregate of up to 3,500,000 Units for an aggregate consideration of \$1,575,000, with the assistance of a finder. The Units are priced at \$0.45 and consist of one Common Share and one Purchase Warrant. Each Purchase Warrant entitles the holder to purchase one additional Common Share at an exercise price of Cdn \$0.70 per Common Share, if exercised within 18 months after the closing of this Offering. The Units will be issued pursuant to prospectus exemptions available under applicable securities legislation in Alberta and Ontario. Sinalta Investments Ltd. has undertaken to act as "finder" for which it will be paid a finders fee of \$100,000, and subject to the approval of the TSXV, the finder shall also be granted warrants to acquire up to 500,000 Common Shares of Petro-Reef at an exercise price of Cdn \$0.70 per Common Share, if exercised within 18 months after the closing of this Offering. The Company will use the proceeds for oil and gas development and exploration expenditures.

The financing is scheduled to close on or about July 28, 2005 or such other date as the finder and Petro-Reef may agree upon, and is conditional upon receiving regulatory approval, including approval of the TSX Venture Exchange and completion of definitive documentation.

Petro-Reef is a publicly traded Canadian energy company involved in the exploration, development and production of natural gas and crude oil in western Canada.

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The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release. This news release may contain forward-looking information. Actual future results may differ materially from those contemplated. The risks, uncertainties and other factors that could influence actual results are described in documents filed with regulatory authorities.