

PETRO-REEF RESOURCES LTD.

NEWS RELEASE

TSX Venture Exchange
Symbol PER
Common Shares Outstanding 19,216,937

Calgary, Alberta
September 1, 2005

PETRO-REEF RESOURCES ANNOUNCES PRIVATE PLACEMENT

Petro-Reef Resources Ltd. announces that it has prepared, filed, and mailed its first half report for 2005. Included are Management's Discussion and Analysis and unaudited financial statements with notes for the period.

It is available for review on the SEDAR website (www.sedar.com) and may be obtained by contacting the company directly, by telephone, facsimile, or e-mail.

Petro-Reef Resources Ltd. announces that on August 24, 2005, it granted an option to purchase 10,000 Common Shares to an employee, at an exercise price of \$0.52 per share under the terms of its Stock Option Plan. The stock options will vest over 1 year and expire 5 years from the date of grant.

Immediately prior to this grant, the Company had 1,510,000 stock options outstanding with an average exercise price of \$0.51 per share.

Petro-Reef Resources Ltd. is a Calgary based oil and natural gas company with producing properties 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.