

## **Petro-Reef Resources Ltd. Raises \$2.5 Million Through Exercise of Warrants and Grants Stock Options**

**Calgary, Alberta, February 26, 2007** - Petro-Reef Resources Ltd. (TSX-V: PER) announces that 3,499,987 out of a total 3,824,987 purchase warrants issued by the Corporation under financings that closed in August and September 2005 have been exercised. The warrants, which were exercisable at a price of \$0.70 per share, expired on February 20, 2007. As a result the Corporation has received aggregate proceeds of \$2,499,990.90.

On February 20, 2007 the board of directors granted options to purchase up to 630,000 common shares under its incentive Stock Option Plan. The options were issued to directors, officers and employees at an exercise price of \$1.45, the closing price on that day. An additional grant was made to a director upon exercise of options on February 7, 2007 to purchase up to 40,000 shares at an exercise price of \$1.48, the closing price on that day.

The stock options will vest over one year and expire five years from the date of grant. The Stock Option Plan has been amended and restated as of February 21, 2007 to include the condition that disinterested shareholder approval must be obtained for any reduction in the exercise price if the optionee is an insider of the issuer at the time of the proposed amendment.

After giving effect to the above exercised warrants, Petro-Reef has 31,744,781 common shares issued and outstanding.

Petro-Reef Resources Ltd. is a Calgary-based junior oil and gas company focused on petroleum and natural gas lease acquisition and exploration, and development of crude oil and natural gas properties in Alberta, Canada.

Another news release will follow soon with updated statistics regarding production and field activities.

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