

Petro-Reef Resources Ltd. Updates Production and Operating Results

Calgary, Alberta, March 1, 2007 – Petro-Reef Resources Ltd. (TSX-V: PER) announces that it has licensed six new wells in Alexander, Alberta, one of which was recently drilled at 11-14. The 11-14 well, located 3.6 kilometres north of the Company's oil discovery at 6-1, was swab tested at rates up to 120 barrels of oil per day with water. The Company plans to place the well on stream on a 30 to 60 day production test in the next two to three weeks.

The Company is drilling a second well at 14-1, 1.1 kilometres north of the 6-1 oil discovery. The drilling rig is expected to be moved to one of the other recently licensed wells after drilling at the 14-1 is completed.

Petro-Reef's current production is estimated to be approximately 900 BOE/d. This compares with average production of 593 BOE/d in the first quarter of 2006, 216 BOE/d in the first quarter of 2005 and 106 BOE/d in the first quarter of 2004. The Company expects production levels to continue to increase after it installs a compressor at 8-1 in its core operating area of Alexander/Qui Barre. An increase in the ATCO Midstream pipeline pressure from 380 psig to 508 psig has restricted the natural gas flow rates on Petro-Reef's wells delivering into the pipeline system in the area. As a result, the company has ordered a compressor at 8-1, which is expected to give it capacity to deliver up to 21 million cubic feet of natural gas per day (3,500 BOE/d gross; 1,925 BOE/d net). Installation of the compressor is expected to take approximately eight weeks.

A recompletion attempt at 12-33 resulted in uneconomic rates of natural gas in one of several coal bed methane zones and has been suspended. In addition, a completion at 14-20 resulted in uneconomic quantities of oil and natural gas and will be abandoned. The two wells were projected to result in total net production additions of up to 76 BOE/d.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this news release.

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