

Petro-Reef Resources boosts reserves, cash flow in 2006

Calgary, Alberta, April 30, 2007 – Petro-Reef Resources Ltd. (TSX-V:PER) increased its proved plus probable reserves by 167% in 2006 to 1.3 million barrels of oil equivalent from 503,500 BOE in 2005. Even though natural gas prices fell from \$9.99 per thousand cubic feet (Mcf) in December 2005 to \$6.13/Mcf in 2006, the present value of the company's reserves increased 28% to \$23.9 million in 2006 from \$18.6 million in 2005. This amount is based on an independent reserves report by Sproule Associates Limited as at December 31, 2006 using constant prices and costs and discounted 10% before taxes. Reserves were 93% natural gas and 7% crude oil and natural gas liquids.

The complete reserves report for 2006, prepared in accordance with National Instrument 51-101, is available on SEDAR at www.sedar.com and on Petro-Reef's website at www.petro-reef.ca.

2006 HIGHLIGHTS

FINANCIAL	2005	2006	% Change
Crude Oil and Natural Gas Revenue Net of Royalties and ARTC	\$3,224,567	\$5,749,891	+78
Cash Flow from Operations	2,007,713	\$3,557,432	+77
Net (Loss) Earnings from Operations	\$248,714	\$65,060	-80
Net (Loss) Earnings per Share	\$0.01	\$0.00	-
Capital Expenditures	\$2,374,843	\$7,888,288	+232
Total Assets	\$10,462,289	\$15,056,446	+44
Bank Balance (Loan)	\$397,904	(\$376,613)	-
Shareholder's Equity	\$6,029,968	\$7,919,194	+31
Common Shares Outstanding			
End of Period	21,438,924	23,685,291	+10
Weighted Average	18,994,641	22,313,869	+17
OPERATIONS			
Average Production			
Crude Oil and NGLs (Bbls/day)	2	25	+1,150
Natural Gas (Mcf/day)	1,080	2,615	+142
Total BOE per day 6:1	182	455	+150
Finding & Development Cost per BOE ⁽¹⁾	\$5.27	7.15	+37
Netbacks (\$ per BOE) ⁽³⁾	\$34.90	22.93	-34
Reserve Replacement Ratio	2.41	7.14	
Average Selling Price			
Crude Oil (\$ per BOE)	59.97	64.15	+7
Natural Gas (\$ per BOE)	57.43	36.90	-36
NGL (\$ per BOE)	55.50	57.20	+3
Reserves (Proved plus Probable)			
Crude Oil and NGLs (Bbls)	1,000	95,000	+9,400
Natural Gas (MMcf)	3,754	7,505	+100
Total BOE	503,500	1,345,833	+167
Present Value of Reserves (M\$) ⁽²⁾			
Undiscounted before Taxes	\$26,119	\$36,499	+39
Discounted before Taxes at 10%	\$18,639	\$23,857	+28
Reserve Life Index (P+P)	22.5 yrs	33.9	+51

- (1) After revisions due to NI 51-101.
- (2) Using constant prices and costs.
- (3) Using a conversion of 6,000 cubic feet of natural gas for one barrel of oil equivalent.
- (4) Crude oil sales were non-operated and reported with total oil and gas sales combined.

2006 Year in Review

Petro-Reef capitalized on continued drilling success and strong commodity prices in 2006 to earn \$65,060 on cash flow from operations of \$3.6 million. Oil and natural gas revenue increased 78% to \$5.7 million in 2006 from \$3.2 million in 2005. Production for 2006 averaged 455 BOE/d in 2006 compared with 182 BOE/d in 2005 and 172 BOE/d in 2004. Current production is estimated to be 700 BOE/d with approximately 400 BOE/d behind pipe. Delivery of a compressor in mid-May is expected to result in increased production from the field by the beginning of June, weather permitting.

The company's 2006 production came from two core properties, Alexander/Qui Barre and Peavey/Morinville, both located near Edmonton, Alberta. Alexander/Qui Barre produced 88 percent of total production while Peavey/Morinville accounted for 11 percent. The remaining production came from minor working interest and royalty properties. Approximately 96 percent of the production was natural gas with 4 percent as crude oil and natural gas liquids. Petro-Reef drilled 10 development wells and four exploration wells in 2006. Of these, 10 were completed as natural gas wells, one was completed as an oil well and three were dry and abandoned, for a success ratio of 79 percent. The company expects to spend \$7.5 million to drill 16 wells (9.1 net) in 2007, all in Alexander/Qui Barre.

Petro-Reef's management's discussion and analysis and audited financial statements for the year 2006 are available on SEDAR at www.sedar.com and on Petro-Reef's website at www.petro-reef.ca. 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.

Forward-Looking Statements: All statements, other than statements of historical fact, set forth in this news release, including without limitation, assumptions and statements regarding reservoirs, resources and reserves, future production rates, exploration and development results, financial results, and future plans, operations and objectives of the Corporation are forward-looking statements that involve substantial known and unknown risks and uncertainties. Some of these risks and uncertainties are beyond management's control, including but not limited to, the impact of general economic conditions, industry conditions, fluctuation of commodity prices, fluctuation of foreign exchange rates, environmental risks, industry competition, availability of qualified personnel and management, availability of materials, equipment and third party services, stock market volatility, timely and cost effective access to sufficient capital from internal and external sources. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable by the Corporation at the time of preparation, may prove to be incorrect. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

Petro-Reef cautions that "cash flow from operations" and "netbacks" do not have standardized meanings prescribed by Canadian generally accepted accounting principles and are therefore unlikely to be comparable to similar measures presented by other issuers. Management believes "cash flow from operations," defined as cash provided by operations before changes in non-cash working capital, is a useful indicator of the Company's ability to fund future capital expenditures. Petro-Reef calculates netbacks as net dollars per barrel after Crown royalties, operating expenses and general and administrative expenses.

Reference is made to barrels of oil equivalent (boe). Barrels of oil equivalent may be misleading, particularly if used in isolation. In accordance with National Instrument 51-101, a boe conversion ratio for natural gas of 6 Mcf: 1 bbl has been used, which is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

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

For further information, please contact:

Joseph Werner
President and CEO

or

Theodore M. Donhuysen
Vice-President Exploration and Production, and COO

Petro-Reef Resources Ltd.
970, 10655 Southport Road S.W.
Calgary, Alberta T2W 4Y1
Telephone (403) 265-6444
Facsimile: (403) 264-1348
E-mail: info@petro-reef.ca
Web Site: www.petro-reef.ca

or

Geoffrey Vanderburg
Bryan Mills Iradesso
(403) 503-0144 ext. 203
gvanderburg@bmir.com