

Petro-Reef Reports Drilling Success, Increase in Credit Facilities to \$10 Million

Calgary, Alberta, August 31, 2007 – Petro-Reef Resources Ltd. (TSX-V: PER), has completed the drilling of another well in the Alexander/Qui Barre prospect area. Log interpretation indicates several hydrocarbon zones of commercial potential. Production casing has been set and testing will commence immediately. A short pipeline tie-in of about 100 meters will be required to tie-in the well for production. Easements and regulatory approval are in progress.

In other news, the National Bank of Canada has increased the revolving operating demand loan (Credit Facility A) for Petro-Reef to \$7,750,000 at prime interest rate plus 0.75 percent per year, and has increased the non-revolving acquisition/development demand loan (Credit Facility B) to \$2,250,000 at prime interest rate plus one percent per year. The appropriate fees will apply for these facilities. Currently Petro-Reef has a positive cash position and has not drawn on its credit facilities.

Petro-Reef Resources Ltd. is a Calgary-based junior oil and natural 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.

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

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