

Petro-Reef Resources Ltd. Announces Strategic Acquisition

Calgary, Alberta, February 8, 2008 – Petro-Reef Resources Ltd. (“Petro-Reef”) is pleased to announce that it has closed an acquisition of approximately 400 boe/d, including approximately 70 barrels per day of crude oil, a 10% working interest in the Petro-Reef operated Alexander Gas Plant and interests in several key sections of undeveloped land in Petro-Reef’s core area of Alexander in Alberta from one of its joint venture partners. Petro-Reef has acquired the assets for \$10,400,000, subject to final adjustments. The acquisition is effective January 1, 2008.

Joe Werner, President and CEO of Petro-Reef was quoted as saying:

"This acquisition is strategic for the future growth of Petro-Reef. Not only did we acquire 400 boe/d of long life, low cost natural gas and crude oil production, we have increased our average working interest to over 75% for existing producing wells and 94% on several key development and exploration drilling locations. This acquisition solidifies Alexander as the key to Petro-Reef's ongoing success."

Concurrent with the acquisition, Petro-Reef amended its credit facilities with National Bank of Canada whereby the Bank increased the existing Revolving Operating Demand Loan from \$7,750,000 to \$13,500,000, and Non-Revolving Acquisition/Demand Loan from \$2,250,000 to \$4,000,000. Part of the amount of the purchase price for the acquisition was drawn on the Revolving Operating Demand Loan. No amounts were drawn on the Non-Revolving Acquisition/Demand Loan and there are no immediate plans to access that facility.

Financial Impact

As a result of the acquisition, current production is now approximately 1,250 - 1,300 boe/d, including over 150 barrels per day of crude oil production. As a result of recent drilling success and the acquisition, Q1 - 2008 production volumes are expected to exceed Q3 - 2007's average production by over 100%.

Petro-Reef is pleased to announce it is increasing its average 2008 production forecast to 1,600 boe/d. Based on the increased production and utilizing a \$6.00 / mcf natural gas price forecast, Petro-Reef’s estimates cash flow from operations in 2008 of approximately \$10,000,000. Petro-Reef maintains a strong balance sheet as forecast debt to forward cash flow is not expected to exceed 1:1 at closing.

The acquisition is accretive for existing shareholders on a cash flow and production per share basis. Petro-Reef estimates cash flow per share accretion of 25% and production per share accretion of 33% as a result of the acquisition.

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.

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 or
President and CEO

John Pantazopoulos
Vice-President Finance and CFO

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