

## Petro-Reef Resources Ltd. Announces Increased Reserves, Cash Flow in 2007

Calgary, Alberta, April 24, 2008 – Petro-Reef Resources Ltd. (TSX-V: PER), has filed its reports relating to the reserves data and other oil and gas information required pursuant to National Instrument 51-101 of the Canadian Securities Administrators and is available on SEDAR at [www.sedar.com](http://www.sedar.com). Petro-Reef has also filed its management's discussion and analysis and audited financial statements for 2007 both of which are available on SEDAR at [www.sedar.com](http://www.sedar.com) and on Petro-Reef's website at [www.petro-reef.ca](http://www.petro-reef.ca).

### Financials

Below is a summary of Petro-Reef's 2007 audited financial statements.

Financial	2007	2006	% Change
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Gross Revenue	\$ 9,289,499	\$ 7,156,594	29.8%
Cash Flow From Operations	\$ 4,403,135	\$ 3,557,432	23.8%
Net Income	\$ (357,550)	\$ 65,060	n/a
Capital Expenditures	\$10,704,869	\$ 7,888,288	35.7%
Total Assets	\$28,603,828	\$15,056,446	90.0%
Cash and Cash Equivalents	\$ 4,921,309	\$ (1,613)	n/a
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Production	2007	2006	% Change
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Crude oil and NGL (bbls/d)	29	26	11.5%
Natural Gas (Mcf/d)	3,591	2,568	39.8%
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Total Production (BOED)	627	454	38.2%

Revenue increased almost 30% as a result of increased production, even though weak natural gas prices in 2007 reduced Petro-Reef's realized natural price by over 8%. Cash flow from operations increased 23.8% to \$4,403,135, while production increased 38.2% to 627 BOED. Production in Q4 - 2007 was the highest in Petro-Reef's history at 771 BOED with an exit production rate of approximately 900 BOED. Petro-Reef exited 2007 with a strong cash position with \$4,921,309, while only having a small working capital deficit of \$120,000.

## Reserves

On February 8, 2008, Petro-Reef announced it had closed the acquisition of the joint properties of a working interest partner, with an effective date of January 1, 2008. Below is a summary of Petro-Reef's NI 51-101 compliant reserve report as evaluated by Sproule and Associates with an effective date of January 1, 2008 which includes the acquisition:

	Natural Gas		Total		Total
	Crude Oil	Natural Gas	Liquids	Jan 1, 2008	Dec 31, 2006
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Reserves					
Category	(Mbbbl)	(MMcf)	(Mbbbl)	(MBOE)	(MBOE)
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Proved					
Developed					
Producing	206.2	5,004	7.6	1,047.9	1,016.3
Developed Non-					
Producing	-	1,330	-	221.6	1.6
Undeveloped	152.5	2,378	-	548.8	425.3
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Total Proved	358.7	8,712	7.6	1,818.4	1,443.2
Probable	253.8	2,469	2.1	667.4	189.2
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Total Proved					
Plus Probable	612.5	11,181	9.7	2,485.8	1,632.4
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Petro-Reef increased proved plus probable reserves by 52.2% to 2,485.8 MBOE. Petro-Reef's reserves are 75% natural gas, with 73% categorized as proven.

Below is a summary of the economic evaluation as prepared by Sproule and Associates with an effective date of January 1, 2008 which includes the acquisition of a working interest partner using December 31, 2007 forecast prices:

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Net Present Value Before Income Taxes (M\$)

	2007					2006
Reserves Category	0%	5%	10%	15%	20%	10%
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Proved						
Developed Producing	\$33,074	\$28,389	\$25,058	\$22,576	\$20,656	\$20,790
Developed Non-						
Producing	\$ 6,686	\$ 5,132	\$ 4,107	\$ 3,392	\$ 2,870	\$ 15
Undeveloped	\$15,674	\$11,486	\$ 8,710	\$ 6,777	\$ 5,375	\$ 7,250
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Total Proved	\$55,434	\$45,007	\$37,876	\$32,745	\$28,900	\$28,054
Probable	\$22,321	\$16,356	\$12,785	\$10,449	\$ 8,811	\$ 3,971
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Total Proved Plus						
Probable	\$77,755	\$61,363	\$50,661	\$43,194	\$37,711	\$32,025

Petro-Reef's Net Present Value (10% discount) increased 58.2% to \$50.6mm on a proved plus probable basis utilizing prices as stated below:

Year	Alberta AECO-C (C\$ / MMBTU)	Edmonton Par Price (C\$ / bbl)
2008	\$6.51	\$88.17
2009	\$7.22	\$84.54
2010	\$7.69	\$83.16
2011	\$7.70	\$81.26
2012	\$7.61	\$80.73

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Petro-Reef has also run its January 1, 2008 with a price sensitivity as at March 31, 2008 as the updated price forecast more closely reflects current market conditions for crude oil and natural gas prices. Below is a summary of the net present values of Petro-Reef's reserves as at January 1, 2008 using the price forecast as at March 31, 2008:

Net Present Value Before Income Taxes (M\$)					
Reserves Category	0%	5%	10%	15%	20%
Proved					
Developed Producing	\$37,996	\$33,100	\$29,582	\$26,932	\$24,859
Developed Non-Producing	\$ 7,013	\$ 5,439	\$ 4,397	\$ 3,666	\$ 3,151
Undeveloped	\$16,822	\$12,552	\$ 9,705	\$ 7,711	\$ 6,255
Total Proved	\$61,831	\$51,091	\$43,684	\$38,309	\$34,244
Probable	\$24,253	\$18,161	\$14,481	\$12,050	\$10,328
Total Proved Plus Probable	\$86,084	\$69,252	\$58,165	\$50,359	\$44,472

Petro-Reef's Net Present Value (10% discount) increased 81.6% to \$58.2mm on a proved plus probable basis utilizing prices as stated below:

Year	Alberta AECO-C (C\$ / MMBTU)	Edmonton Par Price (C\$ / bbl)
2008	\$8.85	\$100.30
2009	\$8.38	\$ 96.88
2010	\$7.91	\$ 95.48
2011	\$7.69	\$ 82.41
2012	\$7.61	\$ 79.68

Subsequent to year end, Petro-Reef drilled, completed and is in the process of completing / recompleting several key wells, all of which were not included in the year end reserve evaluation. Petro-Reef expects significant reserve additions from these wells when they are evaluated, especially from the recent oil discovery which tested at over 700 bbls/d of crude oil (94% working interest) which was not evaluated as at January 1, 2008.

## Net Asset Value

A combination of exploration drilling, development of infrastructure and a strategic acquisition, Petro-Reef was able to significantly increase its net asset value. Below is a summary of Petro-Reef's estimated net asset value on an aggregate and per share basis.

	January 1, 2008 Pricing		March 31, 2008 Pricing	
Assets	PV - Undiscounted	PV - 10%	PV - Undiscounted	PV - 10%
Reserve				
Value (1)	\$77,755,000	\$50,661,000	\$86,084,000	\$58,165,000
Land (2)	\$ 6,281,595	\$ 6,281,595	\$6,281,595	\$ 6,281,595
Seismic (2)	\$ 1,417,417	\$ 1,417,417	\$1,417,417	\$ 1,417,417
Total Assets	\$85,454,012	\$58,360,012	\$93,783,012	\$65,864,012
Liabilities				
Net Debt (3)	\$ 120,357	\$ 120,357	\$120,357	\$ 120,357
Acquisition Cost	\$10,462,258	\$10,462,258	\$10,462,258	\$10,462,258
Total				
Liabilities	\$10,582,615	\$10,582,615	\$10,582,615	\$10,582,615
Net Asset Value	\$74,871,397	\$47,777,397	\$83,200,397	\$55,281,397
Shares				
Outstanding	33,714,781	33,714,781	33,714,781	33,714,781

Net Asset Value

Per Share           \$       2.22   \$       1.42           \$       2.47   \$       1.64

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Notes:

(1) Reserves based on forecast prices (proved plus probable). Includes acquisition.

(2) Book values as at December 31, 2007.

(3) Includes bank debt and working capital deficit. Unaudited.

Based on updated pricing, Petro-Reef estimates its net asset value per share of \$1.64 as at January 1, 2008. This net asset value does not attribute any value for seven successful drilling and recompletions conducted during late 2007 and early 2008. Three crude oil wells which have been completed and tested at rates in excess of 800 bbls/d were not included in the year end economic evaluation, two of which were brought onstream in Q1 - 2008. Petro-Reef has three recompletion / work-over candidates identified which are scheduled to be completed in early Q3 - 2008 targeting known formations, including a well which tested at over 1.25 mmcf/d.

### **Finding, Development and Acquisition Cost / Recycle Ratio**

Petro-Reef once again maintained strong finding, development and acquisition costs and recycle ratio's. Petro-Reef's finding and development costs on a proved plus probable basis was \$24.12 including future development capital. Over 50% of the net capital expenditures in 2007 was focused on the construction of well equipment, gathering systems, plants and compressors, all of which were required to increase production to our current levels. Petro-Reef expects to focus the majority of its 2008 capital expenditures towards drilling, work-over and re-entry projects as Petro-Reef has sufficient infrastructure in place to accommodate future production growth.

As Petro-Reef is a full cycle exploration and production company, it is more appropriate to review three year finding and development cost as this more accurately gauges how cost effectively Petro-Reef is adding reserves. A longer term analysis of finding and development costs provides a more accurate analysis as all capital costs associated with bringing production on-stream are captured in the analysis. Petro-Reef's 3-year finding and development costs on a proved plus probable basis were \$18.89 including future development capital.

Petro-Reef estimates operating netbacks on a per unit of production basis to be \$24.02, generating recycle ratios of 1.0x on a proved plus probable basis and 1.3x on a proved plus probable basis.

### **2008 Forecast**

Petro-Reef reiterates its forecast annual production rate of 1,600 BOED in 2008, generating a cash flow from operations of \$10,000,000 or approximately \$0.30 / share

utilizing a \$6.00 / mcf natural gas price forecast. It is expected that a \$1.00 increase in natural gas prices during the year will increase cash flow from operations by approximately \$2,000,000.

Petro-Reef has 11 wells scheduled to be drilled / recompleted / re-worked for the balance of 2008, including two high-impact locations which are scheduled to be drilled in early Q3 - 2008 each of which, upon success, will significantly increase both production and reserves. Petro-Reef intends to fully fund the remaining capital expenditures in 2008 through cash flow. As a result, debt levels are expected to remain at below 1.0x for the balance of 2008.

***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.

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