

Record Revenue, Cash Flow and Production for Petro-Reef Resources Ltd.

Calgary, Alberta, May 27, 2008 – Petro-Reef Resources Ltd. ("Petro-Reef") is pleased to announce record financial and operating results for the three month period ended March 31, 2008.

Three months Ended March 31	2008	2007	% Change
Gross Revenue	\$ 5,580,839	\$2,542,748	119.5%
Cash Flow From Operations	\$ 3,169,617	\$1,567,436	102.2%
CFPS (\$ / Share)	\$ 0.09	\$ 0.05	80.0%
Net Income	\$ 652,575	\$ 444,680	46.8%
Capital Expenditures	\$13,618,242	\$2,427,755	460.9%

Production	2008	2007	% Change
Crude oil and NGL (bbls/d)	117	25	369.2%
Natural Gas (Mcf/d)	6,430	3,415	88.3%
Total Production (boe/d)	1,189	594	100.1%

Petro-Reef's gross revenue increased 119.5% to \$5,580,839 as a result of higher production volumes. Cash flow from operations was up 102.2% to \$3,169,617 generating a cash flow per share of \$0.09, 80.0% higher than the previous year. Earnings increased by 46.8% to \$652,575. Petro-Reef's capital expenditures were 460.9% higher as a result of the approximately \$10,400,000 acquisition of a working interest partner which closed during the quarter.

Production increased 100.1% to 1,189 boe/d with crude oil and NGL production increasing 369.2% to 117 bbls/d. A combination of drilling activity and the acquisition of a working interest partner in Petro-Reef's core area of Alexander resulted in the record quarterly production. During the quarter, Petro-Reef tied-in a new oil well located at 7-1. The well tested at over 700 bbls/d of crude oil and will initially be produced at approximately 150 boe/d upon the installation of a pump.

During the quarter, Petro-Reef announced the acquisition of a working interest partner in Alexander for approximately \$10,400,000 with an effective date of January 1, 2008. The acquisition included approximately 400 boe/d of production, a 10% working interest in the Petro-Reef operated Alexander gas plant, a 50% working interest in the Alexander oil battery and interests in several key sections of undeveloped land in Alexander.

Operations Update

Petro-Reef has an active capital program scheduled for the next several months combining low risk development drilling / work-overs with high impact exploration drilling. Petro-Reef is currently completing a six well work-over / recompletion program, focusing on optimization from wells requiring a small capital investment to commence production. Petro-Reef is currently completing a work-over on its 13-06 well as work was required to stabilize production and eliminate lower zone water production. The work-

over was successful and production has stabilized, with pressures increasing and water volumes continuing to fall. As a result of lower production from the 13-06 well, current production is estimated at 1,200 - 1,250 boe/d. Production is expected to increase to 1,350 - 1,400 boe/d upon the completion of the installation of a pump at the 7-1 oil well which is expected to occur by the end of the month.

Petro-Reef has made considerable progress with respect to obtaining regulatory approvals on key wells and development programs. Petro-Reef has received regulatory approval for the drilling of up to 8 wells on Petro-Reef's key development oil section after a six month application process. As a result of the approval, Petro-Reef intends to drill up to four wells targeting oil in addition to the four oil wells currently drilled in the area in the coming months.

Petro-Reef had identified two high impact natural gas drilling opportunities in Alexander and is proceeding to obtain regulatory approvals. Approvals were delayed as a result of land owner concerns, which required Petro-Reef to attend arbitration hearings to assist in the resolution of outstanding issues. Petro-Reef completed the arbitration hearings and has reached a resolution with concerned land owners. With a resolution now achieved, Petro-Reef intends to apply for drilling licenses for both wells. Petro-Reef expects to receive regulatory approvals for and commence drilling of the two natural gas locations in July.

Petro-Reef announces that the Board of Directors granted stock options to an officer of the Corporation to purchase up to 150,000 common shares under its Incentive Stock Option Plan. The exercise price is \$1.45, which was the closing price of Petro-Reef's shares on May 26, 2008. The stock options will vest over one year and expire five years from the date of grant.

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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