

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

Calgary, Alberta, August 28, 2008 – Petro-Reef Resources Ltd. ("Petro-Reef") is pleased to announce record financial and operating results for the three and six month periods ended June 30, 2008.

Three Months Ended June 30	2008	2007	% Change
Gross Revenue	\$ 6,294,649	\$ 2,228,590	182.4%
Cash Flow From Operations	\$ 3,394,919	\$ 1,104,425	207.4%
CFPS (\$ / Share)	\$ 0.10	\$ 0.04	150.0%
Net Income	\$ 884,916	\$ 27,455	3,123.1%
Production (Three Months Ended June 30)	2008	2007	% Change
Crude oil and NGL (bbls/d)	145	25	479.9%
Natural Gas (Mcf/d)	5,719	3,135	82.5%
Total Production (boe/d)	1,098	547	100.6%

Petro-Reef's gross revenue increased 182.4% to \$6,294,649 as a result of higher production and record commodity prices. Petro-Reef's realized natural gas price for the quarter was \$9.13 / mcf with a crude oil and NGL price of \$111.98 / bbl. Cash flow from operations was up 207.4%. to \$3,394,919 generating a cash flow per share of \$0.10. Earnings were up substantially to \$884,916 for the period as a result of higher revenues and production.

Production increased 100.6% to 1,098 boe/d with crude oil and NGL production increasing 479.9% to 145 bbls/d. Production was higher as a result of drilling success and the inclusion of production from the acquisition of a working interest partner. No new wells were added during the quarter as a result of a longer than expected spring break-up in the field. Spring break-up prevented Petro-Reef from working-over several key wells during the quarter.

The 2008 first quarter financial statements incorrectly recorded the receipt of revenues for the month of January from properties acquired by Petro-Reef from a working interest partner on February 8, 2008. Accordingly, Petro-Reef has restated these statements to reflect the adjustment to revenues and the acquisition cost of these properties prior to the closing date of their acquisition. The adjustments result in the reduction in the purchase price of the acquisition by the amount of net revenue from the effective date (January 1, 2008) until the closing date (February 8, 2008). These adjustments have no effect on the operations of Petro-Reef and are a non-cash adjustment only. Revised Q1 - 2008 financial statements are available on SEDAR.

Operations Update

Since commencing drilling operations after spring break-up, Petro-Reef drilled two successful and one dry well. The first successful well was drilled to a deeper sour crude oil formation which Petro-Reef tested at approximately 200 boe/d crude oil and associated natural gas (54% working interest plus royalty position). Petro-Reef will provide an estimated production forecast for the well upon completion of a 30-day production test which is currently underway.

Petro-Reef's second well was successful in a sweet crude oil formation as well as a deeper natural gas formation. The well is currently being production tested in the deeper formation. Petro-Reef is in the process of acquiring pipeline and tie-in approvals and is expected to bring this well on-stream in the fourth quarter as the required pipeline is approximately 1 km long.

Based on drilling success and the analysis of proprietary 3-D seismic in the area, Petro-Reef has identified 10 to 15 follow-up sour crude oil and 20 to 25 sweet crude oil drilling locations, the majority of which are on lands where Petro-Reef holds a 94% working interest. Petro-Reef is in the process of obtaining regulatory and land owner approvals for the commencement of an accelerated drilling program over the next 12 to 18 month period to develop both the sweet and sour crude oil opportunities.

Petro-Reef has applied for the construction of a sour oil battery at the Corporation's 8-1 natural gas and oil facility as well as a sour oil battery at one of the well sites. Petro-Reef is working with affected land owners and anticipates approval for the facilities in the coming weeks. Upon receipt of approvals and completion of construction, which is anticipated to be completed by the beginning of the fourth quarter, Petro-Reef estimates adding approximately 200 boe/d of oil and natural gas equivalent which is currently behind pipe awaiting tie-in.

For the balance of 2008, Petro-Reef anticipates drilling five additional wells, the majority of which are crude oil development locations. Several work-over / recompletion opportunities will be pursued in addition to the new wells, including the testing of a formation which, based on well control and proprietary 3-D seismic, may extend for several miles across Petro-Reef's lands. Petro-Reef has actively acquired freehold and Crown lands, acquiring 9 sections (100% working interest) offsetting Petro-Reef's existing land position. To assist in obtaining new drilling locations, Petro-Reef has commenced with a proprietary 15 mile 3-D seismic program which covers existing and recently acquired lands. Petro-Reef anticipates drilling on the acquired lands in 2009, after interpretation of the 3-D seismic is complete and other key sections of offsetting lands have been acquired.

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.

For further information, please contact:

Petro-Reef Resources Ltd.
Joseph Werner
President and CEO
(403) 265-6444

or

Petro-Reef Resources Ltd.
John Pantazopoulos
Vice-President Finance and CFO
(403) 265-6444

or

Petro-Reef Resources Ltd.
970, 10655 Southport Road S.W.
Calgary, Alberta T2W 4Y1
Fax: (403) 264-1348
Email: info@petro-reef.ca
Website: www.petro-reef.ca

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.