

Petro-Reef Resources Ltd. Announces Significant Exploration Drilling Success

Calgary, Alberta, October 26, 2009 – Petro-Reef Resources Ltd. ("Petro-Reef" or the "Corporation") is pleased to announce exploration drilling success with its latest exploration well in Alexander.

Petro-Reef drilled a 100% owned exploration well on its acreage located north of the Corporation's existing producing area in early October based on interpretation of proprietary 3-D seismic which Petro-Reef shot in late 2008. Petro-Reef commenced testing operations and during a two-day test, the well produced at a stabilized rate of approximately 1.5 mmcf/d (250 boe/d) of sweet natural gas with no water. Based on the success of the test, Petro-Reef has commenced with pipeline and facility applications and anticipates brining this well on-stream early next year at approximately 1.2 mmcf/d (200 boe/d). Petro-Reef has identified several follow-up locations targeting the same natural gas formation which the Corporation intends to pursue in the coming months.

With falling capital costs and a new drilling technique, Petro-Reef drilled this latest well for approximately \$350,000, which represented a 50% decrease from one year ago when a similar well cost the Corporation approximately \$700,000. As this well was drilled on Crown land, Petro-Reef is entitled to a Crown royalty credit of approximately \$250,000 which will be used to offset future Crown royalty payments from this well and all wells currently paying Crown royalties in Alberta. In addition to the royalty credit, the well will be entitled to a maximum 5% royalty for the first 12-months of production.

Petro-Reef will test another recently drilled exploration well later this month (100% working interest) and intends to commence with drilling a third exploration well (100% working interest) shortly. Testing results of these wells will be released to investors as information is available.

In addition to the high impact exploration drilling, Petro-Reef is focusing operations on low risk development drilling / recompletion opportunities to increase crude oil production in the Corporation's core area of Alexander. Petro-Reef recently recompleted a well adjacent to the Corporation's main oil producing area which added approximately 40 boe/d of crude oil and natural gas production last week. Petro-Reef has identified several additional recompletion opportunities and intends to proceed with one by year end.

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.

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