

Petro-Reef Resources Ltd. Announces Significant Production Additions, 2010 Capital Budget and Guidance

Calgary, Alberta, January 11, 2010 – Petro-Reef Resources Ltd. ("Petro-Reef" or the "Corporation") is pleased to announce as a result of the tie-in of two recently drilled exploratory wells, Petro-Reef's current production is approximately 1,050 boe/d. In addition to the production additions, Petro-Reef anticipates adding approximately 100 boe/d of incremental production by the middle of February from a recently recompleted gas well which requires the construction of a short pipeline to Petro-Reef's existing natural gas processing facility.

Not including the above volumes, Petro-Reef has approximately 250 - 300 boe/d, including 125 bbls/d of crude oil currently behind pipe awaiting the construction of a new sour natural gas facility. Due to the regulatory requirements associated with the approval of sour natural gas facilities, Petro-Reef anticipates brining these volumes on-stream during the second quarter of 2010.

Petro-Reef's Board of Directors has approved a capital expenditures budget for 2010 of \$9,200,000. The budget allows for the drilling of approximately 11 net wells in 2010, including three high impact exploration drilling locations, as well as the expansion of key facilities. Based on estimated production additions from the proposed locations and the increase in current production from the tie-in of recently drilled wells, Petro-Reef anticipates average production in 2010 of approximately 1,400 boe/d, including approximately 250 - 300 bbls/d of crude oil. The forecasted production volume of 1,400 boe/d represents an approximate 70% increase in production in 2010 as compared to 2009. Petro-Reef anticipates exiting 2010 with production volumes of approximately 1,700 boe/d, representing a 100% increase from 2009 exit volumes.

Based on a forecasted natural gas price of C\$5.50 / mcf and C\$70.00 / bbl crude oil, Petro-Reef estimates cash flow from operations of \$9,400,000, or approximately \$0.24 per share in 2010. Petro-Reef's cash flow is forecasted to equal capital expenditure in 2010, resulting in debt levels to remain flat in 2010 at approximately \$12,000,000. Should actual commodity prices be different from budgeted levels in 2010, Petro-Reef's capital expenditures budget is scalable, allowing for an increase or decrease in expenditures to meet rising or falling cash flow from operations.

For further information, please contact:

Petro-Reef Resources Ltd.
John Pantazopoulos
Vice-President Finance and CFO
Tel:(403) 265-6444
Fax: (403) 264-1348

Petro-Reef Resources Ltd.
970, 10655 Southport Road S.W.
Calgary, Alberta T2W 4Y1
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..