petro-reef
resources ltd.

TSX Venture : PER

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Petro-Reef Resources Ltd. Announces Strong Q1- 2010 Financial and Operational Results

Calgary, Alberta, May 26, 2010 - Petro-Reef Resources Ltd. (TSX VENTURE:PER), Petro-Reef Resources Ltd. ("Petro-Reef" or the "Corporation") is pleased to release its Q1 - 2010 financial statements and management discussion and analysis. Access to Petro-Reef's Q1 - 2010 results may be obtained at www.sedar.com or www.petro-reef.ca.

Q1 - 2010 Highlights:

- Gross revenue of $3,059,978 - 27.5% increase from Q4 - 2009
- Cash flow from operations of $1,495,232 - 102.8% increase from Q4 - 2009
- Cash flow per share of $0.04 - 112.2% increase from Q4 - 2009
- Average production of 985 boe/d - 28.8% increase from Q4 - 2009
- Operating costs on a per unit of production basis of $7.88 - 47.4% decrease from Q4 2009
- Royalty rate of 11.7% as production shifts to lands which attract Freehold royalties as compared to Crown royalties
- Net debt of $12,056,115 - 8.0% decrease from Q4 – 2009

During the quarter, Petro-Reef tied-in three wells, resulting in a 28.8% increase in production. A combination of higher production and commodity prices resulted in a 102.8% increase in cash flow from operations to $1,495,232 and a 112.2% increase in cash flow per share of $0.04.

During the quarter, Petro-Reef successfully tested a new oil zone in the Corporation's core area of Alexander. During a 72 hour test, the well produced over 200 bbls/d of crude oil and 1.0mmcf/d of natural gas (350 boe/d total production), with volumes continuing to increase during the test. In order to bring the production onstream, Petro-Reef is required to construct a new sour gas facility in Alexander. Subsequent to the quarter end, Petro-Reef made application for the facility and subject to regulatory approval, anticipates bringing the behind pipe production onstream by the end of August 2010. This well is located on lands which attract Freehold royalties, which will result in maximum royalty rate of 10% for the life of this well.

Based on the success of the test in the new oil zone and interpretation of proprietary 3-D seismic, Petro-Reef has identified three follow-up locations, all of which are scheduled to be drilled in 2010.

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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