



Reef Resources Ltd.

Press Release

REEF RESOURCES LTD. ANNOUNCES SECOND CLOSING OF BROKERED PRIVATE PLACEMENT AND OPERATIONAL UPDATE

December 16, 2011 - Calgary, Alberta – Reef Resources Ltd. (REE – TSX.V) ("Reef" or the "Company") is pleased to announce, further to its news release of November 22, 2011 announcing its first tranche closing of \$1,688,225, that the Company has raised an additional \$277,189 by the issuance of 2,272,181 "flow-through" common shares of the Company ("Flow-Through Shares") at a price of \$0.11 per Flow-Through Share and 272,500 non-flow through Units of the Company ("Unit") at a price of \$0.10 per Unit. The total amount raised from the brokered private placement to date is \$1,965,415 from the sale of 16,801,507 Flow-Through Shares and 1,172,500 Units.

Each Unit is comprised of one common share of the Company ("Common Share") and one-half of one Common Share purchase warrant of the Company ("Warrant"). Each Warrant will be exercisable into one Common Share for a period of 12 months from the closing of the Financing (the "Closing Date") at an exercise price of \$0.25 per share. The Company paid finders' fees in connection with the second tranche in the amount of \$19,995 and issued 181,774 Broker Warrants. The securities issued by the Company in connection with this 2nd closing are subject to a statutory four month hold period which expires on April 17, 2012.

Operational Update:

The Company is also pleased to provide the following operational update:

- The well licence for Airport North #1 well was received from the Ontario Ministry of Natural Resources. Our seismic data indicates the Airport North reef is potentially a gas and liquids prone reef, similar to Airport South. Subject to positive drilling results, natural gas production will be tied into the Ausable process facility for re-pressurization of the Ausable reef in order to increase oil and natural gas liquids production.
- Pipe and separation equipment required for tie-in of the suspended Airport #1 South gas well has been purchased and is en route to Ontario. Pipelining will begin once all components arrive and weather conditions permit.
- The completion program for the upper Guelph and A2 gas zones in the Airport #1 South well is currently being drafted with expected recompletion in early 2012. Natural gas from the Airport #1 South well will be used to re-pressurize the Ausable reef to further increase oil production. Natural gas liquids produced from the Airport #1 South well plus the recycled gas from the producing Ausable wells will be processed at the Ausable facility and sold as condensate.
- Pipeline material and other field optimization components for bringing the Ausable #2, #4 and #5 wells on production are arriving at site and will be initially installed in Ausable # 5 and then rolled out to Ausable #2 and Ausable #4. Production from the upgraded pumping system will be commissioned as soon as they are connected to the Ausable facility.

For more information please contact:

Arnie Hansen
President & CEO
T: (403) 651 7871
2020 – 801 6 Ave SW
Calgary, AB T2P 3W2

Larry Olson
Vice President, Finance
T: (250) 490-3378

The term barrels of oil equivalent ("BOE") may be misleading, particularly if used in isolation. In accordance with NI 51-101, a BOE conversion ratio of six thousand cubic feet per barrel (6mcf/bbl) of natural gas to barrels of oil equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All BOE conversions herein are derived from converting gas to oil in the ratio mix of six thousand cubic feet of gas to one barrel of oil.

Forward Looking Statements — *This news release contains certain forward-looking statements, which include assumptions with respect to the valuation of Reef's reserves, funds raised from a financing and future capital expenditures. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect. All such forward looking statements involve substantial known and unknown risks and uncertainties, certain of which are beyond the Company's control. Furthermore, the forward-looking statements contained in this news release are made as at the date of this news release and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.*

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