



# Reef Resources Ltd.

## Press Release

### **REEF RESOURCES LTD. PROVIDES UPDATE OF ONTARIO OPERATIONS AND PROGRESS.**

January 24, 2012 - Calgary, Alberta – Reef Resources Ltd. ("Reef" or the "Company") reports that significant progress has been made on a number of field activities associated with the ongoing development of the Ausable Field Gas Recycling and Enhanced Oil Recovery (EOR) project.

The recently spudded North Airport #1 exploration well, being drilled using a cable drilling rig, is currently drilling ahead towards intermediate casing below a surface casing which was set at 51 metres. The well is expected to reach intermediate casing point by mid-February and to reach TD at 608 metres by early March.

The venturi pump has been successfully installed in the Ausable #5 well as planned and is being commissioned. The commissioning and flow rate stabilisation phase is expected to take a further 10 to 14 days after which an update will be given. Ausable #1 well continues to produce at rates up to 30 bopd, however, production rates have been choked back until the gas injection phase of the EOR is underway.

In field flow-line construction to the Ausable #2 well is underway to allow that well to be connected to the venturi pump system. An additional pump skid is being constructed and is due to be delivered in February after which all four existing wells (A#1, 2, 4 and 5) will be hooked up to the central processing facility. Well #3 will continue to be used for gas re-injection in the short term prior to a recompletion program which is planned to isolate the shallowest interval in Ausable #1. This will allow gas re-injection in to the optimum zone at the highest point and geological centre of the Ausable reef.

Road and creek bores for the pipeline to tie-in the South Airport #1 well started on the 23 January and the remaining trenching and welding will take three to four weeks to complete. The South Airport well will provide additional liquids rich equity natural gas to the EOR scheme at low cost. It is also hoped that additional gas will come from North Airport reef and in addition Union Gas will complete the meter reversal in February so that Ausable can receive utility gas to supplement the available gas supply from the Ausable and Airport reefs.

Reef has received an in place oil redetermination report from Nutech Energy Alliance, Houston, Texas. Using the available five wells, detailed petrophysical analysis and correlation with the 3D seismic data, Nutech have calculated a STOIP (Stock tank oil initially in place) value for internal purposes. Reserves determination depends on the details of the gas cycling EOR scheme. Based on analogous fields in North Alberta, such as the Golden Spike Field, recovery factors in excess of 75% and potentially as high as 90% are however anticipated.

Arnie Hansen, Reef President commented: "We have been making very substantial progress so far this year, however, January and February are typically the worst weather months and although current forecasts are moderate some delays may occur. We look forward to making a further update in the coming weeks."

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*Footnote: The Company's Ontario asset has gas storage rights, gas re-injection permit for gas recycle, NGL recovery, enhanced oil recovery and arbitrage. A key component of Reef's Ontario strategy is to identify and exploit undervalued prospects in the Ontario basin by utilizing the company's 23,500 acres of proprietary 3D seismic. In addition to its Ontario Properties, Reef has identified multiple oil and gas acquisition and development opportunities throughout Canada.*

**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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