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PRESS RELEASE

UNITED REEF RELEASES TECHNICAL REPORT ON CENTRAL AFRICAN REPUBLIC OIL & GAS PROJECT

United Reef Limited (URPL-CNQ) said that it has received a report prepared by Paul A. MacKay Geoconsultants Ltd. ("Geoconsultants") which covers historic exploration data and information generated by United Reef's compilation from RSM Production Corporation's ("RSM") oil and gas permit area (the "RSM Permit") in northeastern Central African Republic ("CAR"). Geoconsultants prepared this technical report titled "[*Report on the petroleum potential of the RSM Production Corporation Oil and Gas Permit area in the northeastern portion of the Central African Republic*](#)" (the "Report") in accordance with the standards established by National Instrument 51-101 (Standards of Disclosure for Oil and Gas Activities) in respect of RSM's oil and gas rights in northeastern CAR.

United Reef acquired its right to farm-in to the 55,504 km² RSM Permit and RSM Contract through an agreement completed in September 2004 (see press release dated September 15, 2004). RSM obtained its rights pursuant to a petroleum exploration and exploitation contract with the Central African Republic (the "RSM Contract") which became effective in November 2000. The agreement governs the exploration and development of the RSM Permit.

The Report reflects the outcome of United Reef's technical due diligence of the RSM Permit. The following information has been summarized from the Report and the full text of the Report can be viewed on the SEDAR website at www.sedar.com or on the CNQ website at www.cnq.ca or by clicking on the Report title above.

Summary

United Reef obtained its rights to the RSM Permit in the CAR through a farm-in agreement with RSM of Denver, Colorado. The RSM Permit covers the majority of the Doseo and Salamat Basins in the northern portion of the CAR. These basins are part of the West and Central African Rift System (WCARS), which extends from Nigeria to Kenya. The Salamat and Doseo Basins formed during the break-up of the super continent of Gondwana in the Mesozoic Era. The WCARS is a zone of crustal weakening and thinning that failed to separate, which resulted in a series of depressions that were filled with mainly Mesozoic siliciclastic sedimentary rock. Subsequent tectonic readjustment of the plates resulted in an over-printing of strike-slip motion through the Doseo and Salamat Basins to create a complex relationship of folded and faulted

sedimentary rock. WCARS is divided into series of related smaller basins: a) Termit Basin in Niger/Chad, b) Muglad Basin in Sudan, and c) Doba, Doseo, Salamat Basins in Chad and CAR. In the CAR, the WCARS is divided into two basins: the south flank of the Doseo Basin and the majority of the Salamat Basin. The RSM Permit is in the fifth year of its initial five-year term and is subject to extension (currently being negotiated) as a result of events of force majeure that occurred in CAR after the permit was granted in November, 2000.

Several significant petroleum deposits have been discovered and are currently being produced in the WCARS. Sudan, Nigeria, and Chad have relatively new hydrocarbon production coming out of basins related to the failed rift system. In Chad, Exxon has made several discoveries in the northern portion of the Doseo Basin. Only one well has been drilled in the CAR with the purpose of petroleum exploration. This well, Aoukalé #1, was drilled by Exxon (Esso International) in 1986 in the Salamat Basin but failed to find commercial quantities of hydrocarbons.

The exploration status in the Doseo Basin within the CAR is at the high-risk wildcat stage. No wells have been drilled in this basin within the CAR, although a reconnaissance seismic survey has been acquired and interpreted. Several structural leads have been identified on the regional seismic data but additional seismic data is required to define a drilling target to test the petroleum potential of the area.

The Salamat Basin has an extensive 2D seismic data base shot across it. Several isolated closures are identified from the data. One of these features was drilled with the Aoukalé #1 well. The well penetrated the upper portion of the stratigraphic column although the deeper units, which are petroliferous in offsetting basins, were not penetrated with the well. The Aoukalé #1 well had extensive oil staining in the upper 4,500 feet of the section but did not test any hydrocarbons and was abandoned. There are numerous potential exploration targets within the basin but the status of the basin is considered to be at the high-risk exploration stage at this time.

Statement of Reserves Data:

In accordance with rules stated by APEGGA (Association of Petroleum Engineers, Geologists and Geophysicists of Alberta) in their memorandum: *Practice standard for the evaluation of oil and gas reserves for public disclosure*, and the National Instrument 51-101, *Standards of Disclosure for Oil and Gas Activities*, there are **no Proved Developed or Proved Undeveloped Reserves** of petroleum on the oil and gas permit held by RSM in the CAR. Similarly there are **no Probable Additional Reserves** on these lands.

Disclosure Concerning Prospects:

Applying the guidelines of National Instrument 51-101, section 5.9, there are features within the RSM Permit that qualify as prospects. Additional details of these prospects have been provided to United Reef in the following confidential reports under the same authorship as the Report: *A Geologic Report on the Hydrocarbon Potential of the Central African Republic in the Doseo and Salamat Basins* and a subsequent report: *The Petroleum Potential of the Doseo and Salamat Basins in the Central African Republic – A Risk Assessment*, give additional information on the petroleum prospectivity of the Doseo and Salamat Basins and a professional opinion of the risks and likelihood of establishing economic quantities of hydrocarbons within the RSM Permit in the CAR.

Location and Basin:

The Salamat and Doseo Basins are located in the northern portion of the CAR. Both basins extend across the northern political boundary of the CAR into Chad. There are presently eighteen prospects in the Salamat basin as defined by a grid of 2D seismic data with nominal four-kilometre spacing between lines. Within the Doseo Basin there are presently no established prospects; however, there are numerous leads that require further definition with the acquisition of additional seismic data to determine the locations of exploratory wells.

United Reef's gross and net interest in property:

United Reef has acquired the right to farm-in to RSM's interest in the RSM Permit over the Salamat and Doseo Basins in the CAR. The gross area of the RSM Permit is 55,504 square kilometres. United Reef has agreed to fund 50% of the cost to acquire 2,000-2,500 kilometres of seismic data at a cost, estimated by RSM, of \$5 million (US) in the Doseo Basin. United Reef has further agreed to fund 50% of the cost to drill the first eight wells on the RSM Permit. In return United Reef will receive a 25% working interest in the RSM Permit with a payout clause in future production from the property that will cover its initial investment prior to RSM receiving its proportional interest in any future cash flow from the property. After meeting the earning terms of the farm-in agreement United Reef will hold 13,876 net square kilometres (25% working interest) and a 25% interest in the RSM Contract.

Expiry Date:

The RSM Permit estimated expiry date: November 2005, subject to extension (currently being negotiated) resulting from events of force majeure (which occurred in CAR between May 2001 and April 2003), with the option to renew for two additional periods of three years and two years, respectively.

Target Zone:

The target zones in the Salamat and Doseo Basins are in thick porous Tertiary, Upper Cretaceous and Lower Cretaceous sandstones. The sandstones were deposited as fluvial/deltaic arkosic to sub-arkosic into a lacustrine shale facies. The sandstone bodies are laterally extensive and are up to 300 metres thick.

Nearest Analogous Commercial Production:

There is no commercial production of hydrocarbons in the CAR. There are reported hydrocarbon discoveries on the Chad portion of the Doseo Basin; however these discoveries are waiting on the building of a pipeline prior to full development. The nearest commercial production is in the Doba Basin in southern Chad (a westward extension of the Doseo Basin) approximately 300 kilometres to the west of the RSM Permit.

United Reef has determined from publicly available information that the Exxon-led project in the Doba Basin in Chad is being developed as a +1 billion-barrel project, which began production in mid-2003. This project is expected to produce at a rate of 225,000 barrels per day. In Sudan, the Greater Nile Petroleum Operating Company Limited project in the Muglad Basin (approximately 800 kilometres east of the RSM Permit) is also reported to have reserves in excess of +1 billion-barrels. This project has been in production since late-1999 and produces +200,000 barrels per day.

Anticipated Product Type:

Based on the quality of the source rock, the anticipated geothermal history of the area, depth of maximum burial and the oil discoveries in southern Chad it is anticipated that the principal product to be encountered in any successful exploration well will be a low sulphur, crude oil that may have associated natural gas.

Range of Prospect Sizes:

There are presently eighteen defined prospects in the Salamat Basin that range in size from 200 hectares to 6,500 hectares. The closures range from 60 metres to greater than 300 metres above spill point as defined by seismic data. Of the 18 defined prospects 15 lie within the RSM Permit.

Depth to Target Zone:

The depth to a potential pay horizon varies throughout the basin. Based on a seismic interval velocity of 3,250 metres/second the depth to the crest of the structures at the Lower Cretaceous event varies from 800 metres to 4,000 metres.

Estimated well cost:

Due to the lack of oil and gas field services in the CAR it is difficult to estimate well costs in the country. Well costs are a function of depth and with the broad range in prospect depths there should be a corresponding variance in well costs. Geoconsultants obtained a large range of estimates for the potential cost of exploratory wells in CAR. For example, in Sudan, Talisman indicated that their well costs were in the order of \$2.5 million (US) for similar prospects within the same depth range. For purposes of a separate risk analysis of the basins prepared for United Reef, a well cost range of \$2.5 to 5 million (US) was used. RSM believes that well costs should be less than \$2 million (US) per well.

Expected date of Commencement of Drilling Operations:

A seismic program is planned for the Doseo basin area of the permit, to be conducted prior to the drilling of any wells. The commencement date for the start of drilling operations becomes dependent on the commencement of the seismic acquisition program. If the seismic program were to commence immediately the earliest date for the commencement of the drilling operation would be in the fourth quarter of 2005.

Anticipated Product Price:

An oil price of \$30/barrel is currently being used in the risk analysis of the basins.

Marketing and Transport Arrangements:

Two transportation modes have been considered in the event that there is success in establishing commercial quantities of oil in the basins. The oil can be trucked to the pipeline terminus in Chad at an estimated cost of approximately \$5.00/barrel. A pipeline charge of \$5.00/barrel would also be charged to get the oil to market. In the event that the discovery is significant, the pipeline terminus could be extended approximately 300 kilometres from southwestern Chad into the CAR over relatively flat terrain.

Operator:

RSM is the current operator of the RSM Permit. RSM has substantial international oil and gas exploration experience. Although United Reef has operated mining projects in CAR, it has no oil and gas in-house operational experience at present and plans to expand its current management team for this purpose. United Reef's previous operating experience in CAR will benefit the project through knowledge gained staffing, expediting, and mobilizing previous exploration programs. United Reef and RSM currently anticipate that the proposed seismic program will be subcontracted to an experienced geophysical contractor.

Risks and Probability of Success:

A separate risk analysis study, incorporating a full Monte Carlo Simulation, was prepared for United Reef. Within this analysis, it was determined that the probability of geological success is approximately 25%. The probability of economic success (finding a minimum of 5.0 million barrels of oil) was 23% (at \$30/barrel).

Fair Value of Prospects:

Fair Value on the prospects in the Doseo and Salamat Basins are not assigned.

RSM Contract:

The RSM Contract sets out the conditions under which RSM explores for, develops and exploits hydrocarbons on the RSM Permit. Royalty rates established by the RSM Contract are 12.5% for crude oil production and 5% for natural gas. A corporate tax rate of 35% is also established by RSM's agreement. The RSM Contract contains force majeure and international arbitration provisions.

Sources of Information:

In preparing the Report, Geoconsultants reviewed available maps, reports, miscellaneous technical papers, seismic data from the permit area and adjacent areas, as well as logs from wells drilled within the basins. In addition, Geoconsultants has carried out discussions with RSM and United Reef management and technical personnel with regards to the permit area in CAR. Geoconsultants have not visited the permit area. Where possible, the available seismic and well data has been audited to confirm authenticity and accuracy.

Geoconsultants is an international geological and geophysical consulting firm based in Calgary, Alberta that provides consulting services to oil and gas companies. Paul A. MacKay is the principal author of the Report and holds a B.Sc. (honours) in geology granted by Queen's University, a Ph.D. in geology granted by the University of Calgary, and has the designation of Professional Geologist and Professional Geophysicist as granted by the Association of Petroleum Engineers, Geologists and Geophysicists of Alberta (APEGGA). Mr. MacKay has over 24 years experience in the oil and gas industry. Mr. MacKay has reviewed the information contained in this press release.

United Reef is a public mineral exploration company, incorporated in 1948 and headquartered in Toronto, Canada. At present, United Reef holds variable interests in mineral exploration properties located in Canada and Africa, including net smelter royalties (two of which are related to projects in CAR) on some of these properties.

United Reef's common shares are listed for trading on the Canadian Trading and Quotation System Inc. ("CNQ") under the symbol "URPL". For further information about United Reef, please visit our website at www.unitedreef.com or contact Michael Coulter, President or Gary Nassif, Exploration Manager at 416-368-3332.