

## **UNITED REEF LIMITED**

---

15 Toronto Street, Suite 600, Toronto, Ontario M5C 2E3

Tel: 416-368-3332 • Fax: 416-368-8957 • e-mail: info@unitedreef.com

May 18, 2004

Toronto, Ontario

### **PRESS RELEASE**

#### **UNITED REEF ANNOUNCES PROPOSED \$500,000 FINANCING**

United Reef Limited (URPL – CNQ) (“United Reef” or the “Company”) said that it is making an offering of units (the “Offering”) by way of private placement to investors on a non-brokered basis. The Offering will consist of up to 5 million units (the “Units”) of the Company at a price of \$0.10 per Unit. Each Unit will consist of one common share and one-half of one common share purchase warrant (the “Warrants”). Each whole Warrant will entitle the holder to purchase one additional common share at a price of \$0.15 for a period of eighteen months from the date of closing of the sale of the Units. The Offering will remain open until May 31, 2004.

If the Offering is fully subscribed the Company will receive gross proceeds of \$500,000. The Company intends to use the proceeds to fund its due diligence costs of a potential investment in an oil and gas project located in the Central African Republic and for general working capital purposes. The Company’s right to participate in the project, subject to completion of satisfactory due diligence, will result by the President of the Company, Michael Coulter, assigning his rights to farm-in to the project to acquire a 25% interest. The President has agreed to assign all of his rights, title and interest in his farm-in agreement to the Company for no consideration.

The oil and gas project is located in northeastern Central African Republic, bounded by the Chad border to the north and is presently held by a private U.S. corporation. The licence area covers approximately 55,000 sq km (13.7 million acres) for oil and gas exploration rights. The licence area appears to cover favourable geology for the potential of hydrocarbon development and lies in close proximity to significant discoveries in southern Chad and south-central Sudan to the east.

Completion of the transaction is subject to a number of matters, including but not limited to, completion of a due diligence review of the project, an ongoing assessment of the political risk associated with the Central African Republic and the Company’s ability to finance its share of expenditures to earn its potential interest in the project.

Investors in the Company’s securities are cautioned that, except as disclosed by the Company in its ongoing disclosure documents, including its monthly progress reports filed with CNQ in connection with the transaction, any information released or received with respect to the Company’s participation in the oil and gas project may not be accurate or complete and should not be relied upon. Trading in the securities of United Reef should be considered highly speculative.

United Reef has considerable operating experience in the Central African Republic, which began in 1992 through an option to earn an interest in an alluvial diamond project. The diamond project advanced through several stages of exploration and small-scale production and was closed in early 1998. In addition, the Company identified and successfully obtained a licence to explore a 2,000 sq km gold concession. This licence is being actively explored by AXMIN Inc. (AXM-TSXV) and remains subject to a 2% Net Smelter Royalty payable to the Company. In addition, the Company continues to hold a small royalty interest on another alluvial diamond project in CAR, which is currently subject to ongoing exploration and development of an on-site processing plant.

The Company also said that it is continuing to investigate alternatives to finance its Nickel Offsets Ni-Cu-PGM project 40 kilometres northwest of Sudbury.

United Reef's common shares are posted for trading on the Canadian Trading and Quotation System ("CNQ") under the symbol "URPL". CNQ recently announced that it has received Ontario Securities Commission recognition as a stock exchange.

For further information about the Company please visit United Reef's website at [www.unitedreef.com](http://www.unitedreef.com) or contact Michael Coulter, President at 416-368-3332.