



KROES ENERGY INC. ANNOUNCES SIGNIFICANT INCREASE IN CASH FLOW

August 28, 2008, Calgary, Alberta - Kroes Energy Inc. (“Kroes” or the “Corporation”) (KRS – TSX-V) announced its second quarter results for 2008. Cash flow from operations for the six month period ended June 30, 2008 increased to \$297,045 from a negative \$102,185 in the comparable period last year reflecting the continued success of the western Canadian shallow gas program. Production for the first six months of 2008 averaged 88 BOE/D compared to 36 BOE/D in 2007.

During the first half of 2008 Kroes participated in drilling three wells with a 12.5% working interest. One well has been producing since mid July at 532 Mcf per day (11 BOE/D net to Kroes) and a second well is on production at a restricted rate of 248 Mcf per day (5 BOE/D net to Kroes) while cleanup from a fracture stimulation is in process. The third well was completed and tested for an expected production rate of 639 Mcf per day (13 BOE/D net to Kroes) and is scheduled to be onstream the last week in August. In total these three wells will increase Kroes net production by 177 Mcf per day (29 BOE/D). Kroes now has interests in 10 shallow gas wells that are on production. In addition the Company has interests in three shut in Viking gas wells that are expected to be connected in the fourth quarter after compression and pipeline tie-ins are installed.

Kroes is also currently participating in a four well drilling program (Kroes share 0.875 wells) that began on August 20, 2008. If successful, initial production would be expected in October or November 2008.

With respect to the recently acquired Vecta lands, the Company anticipates a very active program over the next few months in the Brewster area:

15-11-43-13 W5M – This Crew-operated well began producing in mid-July and continues to flow at an average gross rate of 2.5 Mmcf/day (55 BOE/D net to Kroes) plus some associated liquids from the Belly River formation into the nearby Encana gathering system. Kroes will have a detailed report soon regarding the liquid content as to condensate and load frac oil as the well continues to clean up. Kroes has a 13.125% working interest in this well.

08-22-43-13 W5M – This well will be spudded around the end of August or early September. Kroes has a 7.5% working interest in this Crew-operated well which is targets the Belly River formation and is on trend with the 15-11 well and another industry producer.

07-16-43-13 W5M – This previously drilled well will be re-entered for completion in the Belly River zone. Crew, the operator, expects this operation to commence in early September. Kroes has a 13.125% working interest in this re-entry.

12-15-43-12 W5M – Kroes has received fracture stimulation proposals from Schlumberger and Gasfrac Services for the Rock Creek, Nordegg and Mannville zones in this well. Buffalo, the operator, is presently studying pipeline access and connection costs in order to assess the economics of completing this well. Kroes has a 47.5% working interest in this well.

There continues to be brisk activity in the Brewster area from a number of operators, including Encana, Crew, Baytex and others, primarily targeting the Belly River. Kroes expects to participate in several other drilling projects, in addition to those listed above, over the next 6- 12 months.

BOE's may be misleading, particularly if used in isolation. A BOE conversion ratio of 6MCF:1Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

FORWARD-LOOKING STATEMENTS

This disclosure contains certain forward-looking estimates that involve substantial known and unknown risks and uncertainties, certain of which are beyond Kroes' control, including: the impact of general economic conditions in the areas in which the Company operates, industry conditions, changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in commodity prices, foreign exchange or interest rates, stock market volatility and obtaining required approvals of regulatory authorities. In addition, there are risks and uncertainties associated with oil and gas operations; therefore, Kroes' actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking estimates and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking estimates will transpire or occur, or if any of them do so, what benefits, including the amounts of proceeds, that Kroes will derive from that.

FOR FURTHER INFORMATION PLEASE CONTACT THE COMPANY:

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