

PETRO-REEF RESOURCES LTD.

NEWS RELEASE

TSX Venture Exchange
Symbol PER
Common Shares Outstanding 17,705,603

Calgary, Alberta
November 26, 2004

Petro-Reef Resources Ltd. drilled a well in central Alberta in the last week of June 2004 which tested "sweet" natural gas in a lower Cretaceous zone. After the installation of production equipment and a sales pipeline the well was placed on production on August 25, 2004 at a rate of about four million cubic feet per day. The production from this well increased the average daily production net to Petro-Reef for September 2004 to 276 barrels of oil equivalent per day. For September 2003 the comparative production was 65 barrels of oil equivalent per day. For the first eight months of 2004 the comparative production was 120 barrels of oil equivalent per day. The production for September 2004 represents increases of three hundred twenty-five percent (+325%) and one hundred thirty percent (+130%) respectively over the values for September 2003 and the first eight months of 2004.

After ninety days of production the well has averaged 219 barrels of oil equivalent per day net to Petro-Reef. At December 31, 2003 proved recoverable reserves net to Petro-Reef before deductions, established by an independent engineering evaluation were 278,200 barrels of oil equivalent. Based on company estimates and production statistics available to date the proved recoverable reserves net to Petro-Reef before deductions are 1,305,600 barrels of oil equivalent, an increase of three hundred sixty-nine percent (+369%). Petro-Reef has a 34% working interest in this well. Petro-Reef has also identified additional drilling opportunities in off-setting acreage in which it has working interests.

Petro-Reef Resources Ltd. is a Calgary based, emerging oil and gas exploration and development company focused on the Western Canadian Sedimentary Basin where it is engaged in the production and exploration of natural gas and oil reserves. The company trades on the TSX Venture Exchange under the symbol "PER".

For further information, please contact:

Joseph Werner
Petro-Reef Resources Ltd.
2020, 800 – 5th Avenue S.W.
Calgary, Alberta T2P 3T6

Telephone: (403) 265-6444
Facsimile: (403) 264-1348
E-Mail: petroreef@shawcable.com

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release. Certain statements herein may not be historical facts and may be "forward-looking statements". Such statements are based on management's beliefs, as well as assumptions made by information currently available to management. Forward-looking statements include those preceded by the words "estimate", "will", or words of similar expressions, and are subject to risks, uncertainties and other factors that could cause results to differ materially from expected results. Reserve estimation is an interpretive process based on drilling results and past experience as well as estimates of reservoir characteristics and flow rates, prices, costs of extraction and processing, capital expenditures and many other factors. Actual quality and characteristics of oil and gas accumulations cannot be known.