

Petro-Reef Resources Ltd. Drills and Cases Well at 14-20

Calgary, Alberta, January 9, 2007 - Petro-Reef Resources Ltd. (TSX-V: PER) announces that it has successfully drilled and cased a well at 14-20 in Alexander, Alberta. The well, first announced on July 27, 2006, is expected to be production tested for oil or natural gas in the next 30 days. The 14-20 is a step-out well located 2.1 kilometres southwest of Petro-Reef's October 2005 natural gas discovery at 12-28.

Subject to rig availability and stable commodity prices, Petro-Reef expected to drill up to 25 wells (net 12.5 wells) in 2006. Due to limited rig availability early in 2006 and lower than projected commodity prices during the year, the company drilled or recompleted 14 wells (7.97 net), achieving a success rate of 79%. The average production per day per well is 157.2 boe/d (93.5 boe/d net). The wells were drilled, completed and placed on production at an average cost of \$934,100 (\$518,100 net).

Forward-Looking Statements: All statements, other than statements of historical fact, set forth in this news release, including without limitation, assumptions and statements regarding reservoirs, resources and reserves, future production rates, exploration and development results, financial results, and future plans, operations and objectives of the Corporation are forward-looking statements that involve substantial known and unknown risks and uncertainties. Some of these risks and uncertainties are beyond management's control, including but not limited to, the impact of general economic conditions, industry conditions, fluctuation of commodity prices, fluctuation of foreign exchange rates, environmental risks, industry competition, availability of qualified personnel and management, availability of materials, equipment and third party services, stock market volatility, timely and cost effective access to sufficient capital from internal and external sources. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable by the Corporation at the time of preparation, may prove to be incorrect. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

Reference is made to barrels of oil equivalent (BOE). Barrels of oil equivalent may be misleading, particularly if used in isolation. In accordance with National Instrument 51-101, a BOE conversion ratio for natural gas of 6 Mcf: 1 bbl has been used, which is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Petro-Reef Resources Ltd. is a Calgary-based junior oil and gas company focused on petroleum and natural gas lease acquisition and exploration, and development of crude oil and natural gas properties in Alberta, Canada.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this news release.

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