

## **Petro-Reef Resources Ltd. Announces A Production Increase Of 181 Boe/Day And A Reserves Increase Of 12%**

Calgary, Alberta, Canada, November 24, 2011 – Petro-Reef Resources Ltd. (TSXV – "PER"), ("**Petro-Reef**" or the "**Company**") is pleased to announce a production increase of 181 BOE/day and a 12% increase in proved plus probable reserves.

Petro-Reef has tied in its Alexander 09-12-56-27W4 step-out well producing from the Detrital oil zone. The well came on stream on October 26, 2011, and during the first 19 days on production the well has flowed at an average rate of 193 BOE/day (181 BOE/day net) - 151 bbl/day (142 bbl/day net) of oil and 247 mcf/day (232 mcf/day net) of natural gas. Petro-Reef has a 94% working interest in the 9-12 well.

The Company believes that this step-out well in Section 12 confirms that the Detrital oil trend extends west from Section 7 where Petro-Reef has three wells producing from the same zone. The Company has completed the reprocessing of 35 sections of 3-D seismic data on its Alexander lands which has been incorporated into the October 1, 2011 independent reserves evaluation, prepared by McDaniel & Associates Consultants Ltd. ("**McDaniel**") (the "**McDaniel Update Report**"). Four additional Detrital development locations have been included in the McDaniel Update Report.

Petro-Reef's gross proved plus probable reserves at October 1, 2011 indicated an increase of 12% to 1,771,150 BOE from 1,580,000 BOE at December 31, 2010, after extensions, technical revisions, discoveries, acquisitions, economic factors, and production. After considering the production for the period January 1 to September 30, 2011 of 180,300 BOE, the 2011 reserve additions totalled 371,450 BOE which represents an increase of 24% over the 2010 year end reserves.

Using a 10% net present value ("**NPV**"), the value of proved plus probable reserves at forecast prices and costs (before income taxes) was unchanged at \$34,735,200 as compared with proved plus probable reserves of \$34,741,400 as at December 31, 2010.

Petro-Reef's gross proved, probable plus possible reserves at October 1, 2011 totaled 2,623,050 BOE. Using a 10% NPV, the value of proved, probable plus possible reserves at forecast prices and costs (before income taxes) totaled \$56,281,100. The possible reserves include four potential development locations targeting the Detrital zone offsetting the Company's recent 09-12-56-27W4 well.

Only extensions to the existing producing zones were included in the possible reserves. The resource plays in the Nordegg at Goose River and the Wabamum and other plays identified by the seismic reprocessing at Alexander were not included in the evaluation.

Proved plus probable reserves were comprised of 47% natural gas and 53% crude oil and natural gas liquids (December 31, 2010 - 54% natural gas and 46% crude oil and natural gas liquids).

Of the total proved plus probable reserves reported (using forecast prices) Petro-Reef's reserves are 54% proved and 46% probable.

Based on proved plus probable reserves and production volumes, Petro-Reef's reserve life index was 7.0 years (41.1 years remaining life) on a proved plus probable basis at October 1, 2011 compared with 4.2 years (39.8 years remaining life) at the end of 2010.

### Summary of Oil and Gas Reserves – Forecast Prices and Costs

The table below provides a summary of the oil and natural gas reserves attributable to Petro-Reef as at October 1, 2011. As the tables below summarize the data contained in the McDaniel Update Report, they may contain slightly different numbers than those contained in the original report due to rounding. Also due to rounding, certain columns may not add exactly.

Reserves Category	Light / Medium Oil		Natural Gas		BOE	
	Gross (Mbbbl)	Net (Mbbbl)	Gross (MMcf)	Net (MMcf)	Gross (MBOE)	Net (MBOE)
<b>Proved</b>						
Developed Producing	125.4	112.1	2,397.7	2,056.5	525.0	454.8
Developed Non-Producing	256.4	212.3	607.8	528.0	357.7	300.3
Undeveloped	74.2	65.5	157.2	140.7	100.4	89.0
<b>Total Proved</b>	456.0	389.9	3,162.7	2,725.2	983.1	844.1
<b>Probable</b>	483.3	397.1	1,828.4	1,593.1	788.0	662.6
<b>Total Proved &amp; Probable</b>	939.3	787.0	4,991.1	4,318.3	1,771.1	1,506.7
<b>Possible</b>	595.7	511.2	1,537.2	1,341.6	851.9	734.8
<b>Total Proved, Probable &amp; Possible</b>	1,535.0	1,298.2	6,528.3	5,659.9	2,623.0	2,241.5

#### Notes:

- 1) "Mbbbl" means thousands of barrels
- 2) "MMcf" means million cubic feet
- 3) "MBOE" means thousands of barrels of oil equivalent

## Summary of Net Present Values of Future Net Revenue as of October 1, 2011 Forecast Prices and Costs

Reserves Category	Before Income Taxes					After Income Taxes					Before tax Net Value 10%/yr (\$/boe)
	Discounted at (% / Year)					Discounted at (% / Year)					
	0	5	10	15	20	0	5	10	15	20	
	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)
<b>Proved</b>											
Developed Producing	6,691	6,281	5,920	5,600	5,316	6,691	6,281	5,920	5,600	5,316	11.24
Developed non-producing	14,146	12,741	11,666	10,812	10,112	14,146	12,741	11,666	10,812	10,112	32.62
Undeveloped	2,485	2,243	2,035	1,855	1,698	2,485	2,243	2,035	1,855	1,698	20.27
<b>Total Proved</b>	23,322	21,265	19,621	18,267	17,126	23,322	21,265	19,621	18,267	17,126	19.93
Probable	26,501	19,274	15,114	12,470	10,646	22,238	16,054	12,502	10,257	8,719	19.17
<b>Total Proved &amp; Probable</b>	49,823	40,539	34,735	30,737	27,772	45,560	37,319	32,123	28,524	25,845	19.59
Possible	32,858	25,995	21,546	18,415	16,080	24,702	19,465	16,070	13,679	11,895	25.27
<b>Total Proved, Probable &amp; Possible</b>	82,681	66,534	56,281	49,152	43,852	70,262	56,784	48,193	42,203	37,740	21.43

### Notes:

- 1) NPV of future net revenue includes all resource income including, sale of oil, gas, by-product reserves, processing third party reserves, and other income.
- 2) Income taxes include all resource income and prior tax pools.
- 3) Unit values are based on net reserves volumes.
- 4) All of the Company's reserves are located in Canada.
- 5) The estimated values disclosed in the McDaniel Update Report do not necessarily represent fair market value.

### Reconciliation of Changes in Reserves – Proved plus Probable Reserves

The reserves reconciliation reflects current proved, probable, and proved plus probable reserves.

Factors	Light / Medium Oil			Natural Gas			BOE		
	Gross Proved (Mbbl)	Gross Probable (Mbbl)	Gross Proved Plus Probable (Mbbl)	Gross Proved (MMcft)	Gross Probable (MMcft)	Gross Proved Plus Probable (MMcft)	Gross Proved (MBOE)	Gross Probable (MBOE)	Gross Proved Plus Probable (MBOE)
<b>December 31, 2010</b>	372.8	330.1	702.9	3,467.2	1,794.6	5,261.8	950.7	629.2	1,579.9
<b>Extensions</b>	108.4	272.6	381.0	180.1	619.3	799.4	138.4	375.9	514.3
<b>Technical Revisions</b>	32.0	(119.5)	(87.5)	254.3	(585.1)	(330.8)	74.2	(217.0)	(142.8)
<b>Production</b>	(57.1)	-	(57.1)	(738.9)	(0.4)	(739.3)	(180.2)	(0.1)	(180.3)
<b>October 1, 2011</b>	456.1	483.2	939.3	3,162.7	1,828.4	4,991.1	983.1	788.0	1,771.1

### Notes:

- 1) Gross reserves means the Company's working interest reserves before calculation of royalties, and before consideration of the Company's royalty interests.
- 2) All of the Company's reserves are located in Canada.

- 3) There were no changes to discoveries, acquisitions, dispositions and economic factors in the McDaniel Update Report

### Forecast Prices Used in Estimates

McDaniel employed the following pricing, exchange rate and inflation rate assumptions in estimating Petro-Reef reserve data as of October 1, 2011:

Year	WTI Crude Oil (\$US/bbl)	Edmonton Par Price 40° API (\$Cdn/bbl)	Cromer Medium 29.3° API (\$Cdn/bbl)	Natural Gas AECO Gas Prices (\$Cdn/MMBtu)	Edmonton Condensate (\$Cdn/bbl)	Edmonton Butane (\$Cdn/bbl)	Inflation Rate (%/Yr)	Exchange Rate (\$US/\$Cdn)
<b>Historical</b>								
2005	56.56	68.72	57.47	8.58	69.63	52.58	2.1	0.83
2006	66.23	72.80	61.25	7.16	75.06	60.10	2.2	0.88
2007	72.30	76.35	65.40	6.65	77.36	63.75	2.0	0.94
2008	99.60	102.20	93.20	8.15	104.75	75.25	2.4	0.94
2009	61.80	65.90	62.80	4.20	68.15	49.25	2.0	0.88
2010	79.50	77.50	73.80	4.15	84.25	66.05	2.0	0.97
2011(9 mths)	95.45	94.35	87.90	3.80	101.90	73.05	2.0	1.02
<b>Forecast</b>								
2011(3 mths)	85.00	86.20	79.20	3.80	90.20	69.50	2.0	0.98
2012	91.80	93.10	85.60	4.30	95.10	75.00	2.0	0.98
2013	93.60	95.00	87.30	4.75	97.10	76.60	2.0	0.98
2014	95.50	96.90	89.10	5.25	99.00	78.10	2.0	0.98
2015	97.40	98.80	90.80	5.75	101.00	79.60	2.0	0.98
<b>Thereafter</b> 2.0% Escalation Rates								

#### Notes:

- 1) Inflation rates for forecasting prices and costs.
- 2) Exchange rates used to generate the benchmark reference prices in this table.
- 3) Product sale prices will reflect these reference prices with further adjustments for quality and transportation to point of sale.
- 4) Forecast prices and costs as supplied by our independent and qualified reserves evaluator, McDaniel.

The McDaniel Update Report, effective October 1, 2011, was prepared in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* and the COGE handbook, and is dated November 21, 2011.

Estimates are prepared such that there is a 90% probability that at least the estimated proved reserves will be recovered and a 50% probability that at least the sum of the estimated proved reserves plus probable reserves will be recovered. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable plus possible reserves.

## **About Petro-Reef Resources Ltd.**

Petro-Reef Resources Ltd. is a Calgary-based crude oil and natural gas exploration and production company with producing properties in Alberta, Canada.

*Additional information about the Company is available under Petro-Reef's profile on SEDAR at [www.sedar.com](http://www.sedar.com).*

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## ***BOE Reference***

*Reference is made to barrels of oil equivalent ("**BOE**"). BOE may be misleading, particularly if used in isolation. In accordance with National Instrument 51-101, a BOE conversion ratio of six mcf of natural gas to one bbl of oil 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.*

## ***Forward-Looking Statements***

*This press release contains certain forward-looking information and statements within the meaning of applicable securities laws (collectively, "forward-looking information"). The use of the words "potential", "estimate" and similar expressions are intended to identify forward-looking information. In particular, but without limiting the foregoing, this press release contains forward-looking information pertaining to potential Detrital development locations and reserve life index. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking information throughout this press release.*

*Forward-looking information is based upon the opinions and expectations of management of Petro-Reef as at the effective date of such information. The forward-looking information contained in press release reflects several material factors and expectations and assumptions of Petro-Reef including, without limitation: the accuracy of current production data; historical well production; reservoir conditions on the Company's Alexander lands; the accuracy of the estimates of Petro-Reef's reserves volumes; and certain commodity pricing and other cost assumptions.*

*Petro-Reef believes the material factors, expectations and assumptions reflected in the forward-looking information are reasonable at this time but no assurance can be given that these factors, expectations and assumptions will prove to be correct. The forward-looking information included in this press release is*

*not a guarantee of future performance and should not be unduly relied upon. Such information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information including, without limitation: the impact of general economic and 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; unanticipated operating results or production declines; changes in tax or environmental laws or royalty rates; inaccurate estimation of Petro-Reef's oil and gas reserves volumes; for reasons currently unforeseen, the current development locations identified by the Company may prove to be unsuitable or unavailable; and certain other risks detailed from time to time in Petro-Reef's public disclosure documents including, without limitation, those risks identified in this press release, which are available under Petro-Reef's SEDAR profile at [www.sedar.com](http://www.sedar.com).*

*The forward-looking information contained in this press release speaks only as of the date of this press release, and Petro-Reef does not assume any obligation to publicly update or revise its forward-looking information to reflect new events or circumstances, except as may be required pursuant to applicable laws. The forward-looking information contained herein is expressly qualified by this cautionary statement.*