

## Petro-Reef Resources Ltd. Releases Q3 Financial Results

Calgary, Alberta, November 30, 2011 – Petro-Reef Resources Ltd. (TSX VENTURE:PER) ("Petro-Reef" or the "Company") has released its third quarter 2011 results. Full financial details are contained in the financial statements and management's discussion and analysis filed on SEDAR.

### Production volumes and prices

For the three months ended September 30, 2011, the Company produced an average of 605 barrels of oil equivalent per day (boe/d) comprising 187 bbl/d of oil and natural gas liquids and 2,508 mcf/d per day of natural gas. The Company received an average of \$67.73 per barrel for oil and \$3.95 per thousand cubic feet for natural gas.

Three months ended September 30	2011	2010	% Change
Daily production			
Crude Oil and NGLs (bbl/d)	187	109	71.6
Natural Gas (mcf/d)	2,508	3,334	(24.8)
Oil equivalent (boe/d @ 6:1)	605	665	(9.0)
Realized commodity prices			
Crude Oil and NGLs (bbl)	67.73	70.02	(3.3)
Natural Gas (mcf)	3.95	3.39	16.5
Oil equivalent (boe @ 6:1)	37.34	28.47	31.2

For the nine months ended September 30, 2011, the Company produced an average of 666 barrels of oil equivalent per day (boe/d) comprising 215 bbl/d of oil and natural gas liquids and 2,707 mcf/d per day of natural gas. The Company received an average of \$78.18 per barrel for oil and \$3.87 per thousand cubic feet for natural gas.

Nine months ended September 30	2011	2010	% Change
Daily production			
Crude Oil and NGLs (bbl/d)	215	122	76.2
Natural Gas (mcf/d)	2,707	4,130	(34.5)
Oil equivalent (boe/d @ 6:1)	666	811	(17.9)
Realized commodity prices			
Crude Oil and NGLs (bbl)	78.18	74.06	5.6
Natural Gas (mcf)	3.87	4.15	(6.7)
Oil equivalent (boe @ 6:1)	40.96	32.29	26.9

## Cash flow and earnings

Total revenue increased 19.5% to \$2,079,442 for the three month period ended September 30, 2011 compared to \$1,740,840 for the same period ended in 2010. As a result of a 71.6% increase in oil volumes over Q3 2010, Petro-Reef realized a combined price per boe for the three month period ended September 30, 2011 of \$37.34 representing a 31.2% increase compared to the realized price per unit of production of \$28.47 for the same period in 2010.

For the three month period ended September 30, 2011, Petro-Reef generated cash flows from operations of \$597,981 an increase of 9.9% compared to \$544,140 for the three month period ended September 30, 2010.

Three months ended September 30	2011	2010	% Change	2011 (\$ / boe)	2010 (\$ / boe)
Gross revenue	2,079,442	1,740,840	19.5	37.34	28.47
Realized gain (loss) on risk management contracts	(87,337)	417,704	-	(1.57)	6.83
Royalties	(277,493)	(307,934)	(9.9)	(4.98)	(5.04)
Revenue after royalties	1,714,612	1,850,610	(7.3)	30.79	30.26
Operating expenses General & administrative expenses	729,330	721,091	1.1	13.10	11.79
Interest expense	276,278	370,835	(25.5)	4.96	6.06
Cash flow	111,023	214,544	(48.3)	1.99	3.51
Unrealized gain on risk management contracts	597,981	544,140	9.9	10.74	8.90
Other income	649,420	28,413	2,185.6	11.66	0.46
Stock based compensation	142,611	-	-	2.56	-
Accretion	242,431	25,056	867.6	4.35	0.41
Depletion and depreciation	18,108	17,206	5.2	0.33	0.28
Net Income (loss) before income taxes	1,118,518	1,349,326	(17.1)	20.09	22.07
Deferred income tax (recovery)	10,955	(819,035)	(101.3)	0.20	(13.39)
Net Income (loss) Per Share - Basic and diluted	(160,727)	(186,192)	(13.7)	(2.89)	(3.04)
	171,682	(632,843)	(127.1)	3.08	(10.35)
	0.00	(0.02)			

Total revenue increased 4.3% to \$7,451,193 for the nine month period ended September 30, 2011 compared to \$7,142,624 for the same period in 2010. As a result of a 76.2% increase in oil volumes over 2010, Petro-Reef realized a combined price per boe for the nine month period ended September 30, 2011 of \$40.96 representing a 26.9% increase compared to the realized price per unit of production of \$32.29 for the same period in 2010.

For the nine month period ended September 30, 2011, Petro-Reef generated cash flows from operations of \$3,185,377 an increase of 7.3% compared to \$2,968,875 for the nine month period ended September 30, 2010.

Nine months ended September 30	2011	2010	% Change	2011	2010
				(\$ / boe)	(\$ / boe)
Gross revenue	7,451,193	7,142,624	4.3	40.96	32.29
Realized gain on risk management contracts	392,617	545,188	(28.0)	2.16	2.46
Royalties	(1,160,450)	(942,824)	23.1	(6.38)	(4.26)
Revenue after royalties	6,683,360	6,744,988	(0.9)	36.73	30.49
Operating expenses General & administrative expenses	2,407,057	2,171,154	10.9	13.23	9.81
Interest expense	784,154	1,143,307	(31.4)	4.31	5.17
	306,772	461,652	(33.5)	1.69	2.09
Cash flow	3,185,377	2,968,875	7.3	17.51	13.42
Unrealized gain on risk management contracts	140,630	954,139	(85.3)	0.77	4.31
Other income	393,530	173,663	126.6	2.16	0.79
Stock based compensation	575,684	128,815	346.9	3.16	0.58
Accretion	52,437	49,993	4.9	0.29	0.23
Depletion and depreciation	3,985,968	4,740,098	(15.9)	21.91	21.43
Loss before income taxes	(894,552)	(822,229)	8.8	(4.92)	(3.72)
Deferred income tax expense (recovery)	(14,002)	277,226	(105.1)	(0.08)	1.25
Net loss	(880,550)	(1,099,455)	(19.9)	(4.84)	(4.97)
Per Share - Basic and diluted	(0.02)	(0.03)			

## Financial

Effective September 30, 2011 the Petro-Reef renewed its loan facilities with a Canadian Chartered Bank. Facility A is a revolving operating demand loan with a maximum limit of \$14,000,000. Facility B is a non-revolving acquisition/development demand loan that provides an additional \$6,000,000 of financing. Interest is at prime plus 1.0% per annum for Facility A and prime plus 1.5% per annum for Facility B. Petro-Reef has the ability to borrow by way of Bankers Acceptances.

At September 30, 2011 the balance owing on Facility A was \$11,334,128 (December 31, 2010 - \$9,627,691). At September 30, 2011 the balance owing on Facility B was \$nil (December 31, 2010 - \$nil).

The Company has the ability to draw on the development loan for the drilling of new wells subject to certain working capital ratio restrictions.

In August, 2011 Petro-Reef Resources Ltd. closed a private placement financing of Flow-through Shares for gross proceeds of \$2,391,200. Pursuant to the offering, Petro-Reef issued 5,978,000 common shares on a flow-through basis at a purchase price of 40 cents per common share.

### **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).

### **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.

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