

PETRO-REEF RESOURCES LTD.

NEWS RELEASE

TSX Venture Exchange
Symbol PER
Common Shares Outstanding 21,438,924

Calgary, Alberta
January 9, 2006

Petro-Reef Resources Ltd. is pleased to update shareholders on the company's progress.

Petro-Reef exited 2005 producing in excess of 1050 boe/day gross, 700 boe/d, net to Petro-Reef up from its forecast of 650 boe/d. The increase in production is primarily due to its position in the recently announced successful gas well going on stream in its core area at Alexander, Alberta. The company has an eighty-five percent working interest in the well until four-hundred percent of the drilling and completion cost and two-hundred percent of the equipping and tie-in cost have been recovered at which time Petro-Reef's working interest will revert to thirty-four percent.

Petro Reef reports also, that it will be participating in drilling four new off-setting wells and recompleting three wells. This is expected to take place in the first quarter of 2006. These seven wells will be drilled and recompleted in the core area of Alexander, Alberta. The industry demand for drilling rigs and service rigs is very strong. Timely availability of rigs may become a problem. Petro-Reef has working interest in these wells ranging from thirty-four percent to forty-four percent.

For 2006 Petro-Reef plans to drill/recomplete up to thirty wells using cash flow and the existing line of bank credit.

Reference is made to barrels of oil equivalent (boe). Barrels of oil equivalent (boe) may be misleading, particularly if used in isolation. In accordance with N1 51-101, a boe conversion ratio for natural gas of 6 Mcf: 1bbl 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: 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.

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