

Petro-Reef Resources announces positive drilling results

Calgary, Alberta, June 14, 2006 – Petro-Reef Resources Ltd. (TSX-V:PER), a junior oil and gas company operating in Alberta, has completed a successful five-well drilling program offsetting its October 2005 natural gas discovery in Alexander, Alberta. Based on the results following the May 9, 2006 press release, the company drilled an additional well and re-entered another well in May and is in the process of licensing an additional six wells to be drilled or re-entered in the next two to six weeks.

The October 2005 natural gas discovery at 12-28 has continued to produce at approximately 4.18 million cubic feet of natural gas per day (697 barrels of oil equivalent per day) since it was put on production in December 2005. The company's interest in the well is 84% (585 BOE/d) until revenue from the well reaches 400% of drilling and completion costs plus 200% of equipping and tie-in costs. Petro-Reef's interest then reverts to 34%. Based on current production levels and commodity prices, this reversion is anticipated to occur in August 2006. The 12-28 is the only well in Petro-Reef's 2006 drilling program that features a working interest agreement of this kind.

The first well offsetting the 12-28 natural gas discovery was drilled about two kilometers north at 12-33. The company set production casing and has completed the same zone as 12-28 with an initial flowing production test of 525 Mcf/d and a crude oil rate of 48 barrels per day. Petro-Reef has 54% interest in the well. Net to Petro-Reef is 73 BOE/d.

The second well in the five-well program was a re-entry at 6-1. The production casing was perforated and fracture stimulated. The well was placed on production May 2, 2006 and is producing crude oil at a rate of 38 barrels per day with 80 Mcf/d of natural gas. Petro-Reef has a 44% interest in the well. Net to Petro-Reef is 22 BOE/d.

The third well in the program was drilled at 5-31. The company has identified a pay zone with 123 feet of gross natural gas and crude oil pay. The well was perforated and fractured in the oil zone and was placed on stream as a flowing oil well on May 19, 2006. After three weeks of production the well is flowing at 42 barrels of crude oil per day with 592 Mcf/d of natural gas. Petro-Reef has a 64% interest in the well. Net to Petro-Reef is 90 BOE/d.

The fourth well was drilled at 13-21. As announced on May 9, 2006, the well was deemed to be uneconomic and has been abandoned.

The fifth well was drilled at 11-27, two kilometers east of the discovery at 12-28. Based on well logs, Petro-Reef has identified four potential crude oil and/or natural gas zones. The zone that is producing at 12-28 was drill stem tested at 11-27 with a maximum wellhead absolute open flow (AOF) potential rate of 7.312 MMcf/d.

A second zone up-hole in the wellbore was drill stem tested with a maximum wellhead AOF potential rate of 2.464 MMcf/d. The combined AOF for the two zones was 9.776 MMcf/d (1,620 BOE/d). Petro-Reef has a 54% interest in the well. A production test will be conducted in the next two weeks to determine the production rate.

Both the first well at 12-33 and the fifth well at 11-27 are anticipated to be placed on stream by August 1, 2006. The other two successful wells have been placed on stream.

After the initial five-well drilling program Petro-Reef drilled an additional well at 1-31 and re-entered a well at 10-33. Both wells have been cased and will be production tested in the next two to three weeks.

Rig availability permitting, the company expects to drill up to 25 wells (11.94 net) in 2006, including the wells that have been drilled to date and the six wells that will be licensed for drilling in the next two to six weeks.

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: 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.

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

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