

Petro-Reef Resources Ltd. encounters three potential zones at 9-33 in Alexander

Calgary, Alberta, September 14, 2006 – Petro-Reef Resources Ltd. (TSX-V:PER) announces that it has encountered natural gas in three potential zones in the recently drilled well at 9-33, 1.7 kilometres northeast of its October 2005 natural gas discovery at 12-28 in Alexander, Alberta. The three potential zones include the producing zone at 12-28 plus two additional natural gas zones.

Weather permitting, the 9-33 will be production tested in the next two weeks to confirm the commercial potential of the three zones. The drilling rig has now been moved to 3-7 and is currently drilling. The 3-7 is exploratory and is being drilled on a new structure.

Petro-Reef also announces that on August 30, 2006 the company's board of directors granted a stock option to purchase up to 250,000 common shares under its Incentive Stock Option Plan. The effective date for the grant was September 6, 2006. The option was granted to an employee of the corporation on the condition that the employee exercise an existing stock option for 250,000 shares prior to expiry on September 6, 2006. This was done on September 5, 2006, at which time the price was set for the new option grant. The closing trading price for Petro-Reef shares on September 5, 2006 was \$1.20. As a result, the exercise price for the new grant has been set at \$1.20. The stock option will vest over one year and expire five years from the date of grant. Immediately prior to this grant the company had 1,870,000 stock options outstanding with an average exercise price of \$0.75 per share. With this grant there will be 2,120,000 stock options outstanding.

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.

Forward-Looking Statements: All statements, other than statements of historical fact, set forth in this news release, including and 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.

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

For further information, please contact:

Joseph Werner or
President and CEO

Theodore M. Donhuysen
Vice-President Exploration and Production, and COO

Petro-Reef Resources Ltd.
2020, 800 – 5th Avenue S.W.
Calgary, Alberta T2P 3T6
Telephone (403) 265-6444
Facsimile: (403) 264-1348
E-mail: info@petro-reef.ca
Web Site: www.petro-reef.ca

or

Geoffrey Vanderburg
Iradesso Communications Corp.
(403) 503-0144 ext. 203
gvanderburg@iradesso.com