

### **Petro-Reef Resources Ltd. Announces Successful Production Test Results**

Calgary, Alberta, October 20, 2006 - Petro-Reef Resources Ltd. (TSX-V: PER) announces that it has completed three successful production tests in the company's core area of Alexander, Alberta. The wells at 8-29, 9-33 and 3-7 were production tested based on extended wellhead deliverability natural gas rates and at existing pipeline operating pressures as follows:

<b>Well</b>		<b>Flow Rate</b>	<b>Petro-Reef Interest</b>	<b>Petro-Reef Estimated Net Potential BOE/d</b>
8-29		827 mcf/d	54.00%	74
9-33	Zone A	1,100 mcf/d	63.67%	117
	Zone B	1,080 mcf/d	63.67%	115
3-7	Zone A	836 mcf/d	54.00%	75
	Zone B	3,930 mcf/d	54.00%	354

Petro-Reef expects to drill two more wells in the next two months at 9-33 and 3-7 to produce the additional gas zones that were tested but cannot be placed on stream due to potential problems with dual zone production. Additional oil zones that have also been identified are expected to be drilled at a later date.

The well at 2-1, which was announced on September 25, 2006, has finished drilling and production casing has been run. This well is a step-out well to the 5-31 and 6-1 producing oil discoveries. The well will be production tested for oil or natural gas in the next 30 days.

Two additional wells previously announced at 14-20 and 11-14 have not yet been drilled and are awaiting regulatory approval.

Petro-Reef's October 2005 natural gas discovery at 12-28 is still producing at 2,100 mcf/d of natural gas. The well has reverted from an 84% interest to 34% after recovery of 400% of drilling and completion costs plus 200% of equipping and tie-in costs. Petro Reef's net production from the well is now 124 barrels of oil equivalent per day (BOE/d).

With Petro-Reef's existing production, the wells currently being tied-in, and the additional well tie-ins at 8-29, 9-33 and 3-7 the company expects net production to be at approximately 950 BOE/d by early December 2006. The company is on target to achieve its 2006 exit production target of between 1100 and 1550 BOE/d.

In other news, Mr. Gary Van Nest has tendered his resignation as a director of the corporation in order to pursue another business venture. He said he intends to remain involved with the company and continues to be a significant shareholder. "Petro-Reef is proceeding very well in the right direction," Mr. Van Nest said.

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 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: 1 bbl 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 does not accept responsibility for the adequacy or accuracy of this news release.

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