

## Petro-Reef Resources Ltd. invests \$2.5 million in Q3 capital program

Calgary, Alberta, November 30, 2006 – Petro-Reef Resources Ltd. (TSX-V:PER), a junior oil and gas company operating in Alberta, invested \$2.5 million into its capital program in the third quarter of 2006, positioning the company to achieve its exit production target for the year of more than 1,100 barrels of oil equivalent per day.

Petro-Reef continued to grow its production and cash flow in the first three quarters of 2006 compared with the first three quarters of 2005. Cash flow from operations for the first nine months of the year increased 177% to \$3.0 million in 2006 (\$0.13 per share) from \$1.1 million in 2005 (\$0.06 per share). Over the same period, overall production increased 193% to 488 BOE/d in 2006 from 166 BOE/d in 2005.

### Highlights

Financial	Nine months ended September 30 2005	Nine months ended September 30 2006	% Change
Crude oil and natural gas revenue net of Royalties and ARTC	\$1,905,044	\$4,551,175	+139
Cash flow from operations*	\$1,067,628	\$2,953,423	+177
Cash flow from operations per share	\$0.06	\$0.13	+117
Net income (loss) for the period	(\$60,983)	\$10,723	-
Net income (loss) per share	(\$0.003)	\$0.002	-
Capital expenditures	\$1,100,501	\$5,193,926	+372
Bank balance	\$99,858	\$846,062	+747
Bank loan	\$0.00	\$0.00	-
Shareholders' equity	\$6,029,968	\$7,003,587	+16
Weighted average common shares outstanding	21,438,937	22,650,791	+6
<b>Operations</b>			
<b>Daily Average Production</b>			
Crude oil and NGL (Bbls/d)	2.03	16.91	+733
Natural gas (Mcf/d)	988.98	2,830.08	+186
Total BOE/d	166.86	488.59	+193
<b>Average Selling Price</b>			
Crude oil (\$per Bbl)	60.90	63.26	+4
Natural gas (\$per Mcf)	8.25	7.27	-12
NGL (\$per Bbl)	62.10	55.17	-11

Petro-Reef's production in the first nine months of 2006 came mainly from its core area at Alexander/Qui Barre, northwest of Edmonton, Alberta. Production was weighted about 97% to natural gas and about 3% to crude oil and a minor amount of condensate.

During the third quarter of 2006, Petro-Reef drilled three successful wells in Alexander. A well drilled in the area in October was also successful. Of the \$2.5 million spent on exploration and development in the third quarter of 2006, \$1.4 million was allocated to drilling, completion, recompletion and workovers.

In the first of the three wells, Petro-Reef encountered natural gas in three potential zones at 9-33, 1.7 kilometres northeast of its October 2005 natural gas discovery at 12-28. The 9-33 well was placed on stream and is producing from the Mannville formation at about 1.4 million cubic feet of natural gas per day (MMcf/d). If no liquids are produced in the near future, it may be possible to add another 1.4 MMcf/d from the Basal Quartz formation. If fluids are encountered a twin well may be drilled to optimize production from this location.

The second well in the third quarter was drilled at 3-7, about 4.8 kilometres northwest of the 12-28. The 3-7 was exploratory and was drilled on a new structure. Petro-Reef encountered natural gas in two potential zones as well as crude oil in another potential zone. Efforts are being made to tie-in the well at 3-7 for natural gas in the Basal Quartz formation at about 2.27 MMcf/d as soon as all regulatory conditions have been met. This is expected to occur before the end of 2006.

The third well drilled in the third quarter was drilled at 8-29. The well flowed at 827 Mcf/d, amounting to 74 BOE/d net to Petro-Reef based on the company's 54% interest. The well is expected to be tied in by Dec. 20, 2006.

#### Current Production & Production Forecast to Year-End 2006

WELL	ZONE	FLOW RATE	%	PER BOE/D	UPDATE
08-29	Basal Quartz	827 Mcf/d	54.00	74	To be tied-in by Dec. 20
09-33	Basal Quartz	1,440 Mcf/d	63.67	153	To be drilled Dec. Twin Well
	Barrhead	1,080 Mcf/d	63.67	115	On Stream
03-07	Devonian	836 Mcf/d	54.00	75	To be drilled Dec. Twin Well
	Basal Quartz	2,270 Mcf/d	54.00	204	Being tied-in – Dec. 20
12-33	Basal Quartz	500Mcf/d	54.00	56	On Stream
		20 bop/d	54.00		
12-28	Basal Quartz	1,970 Mcf/d	34.00	112	On Stream
11-27	Basal Quartz	849 Mcf/d	54.00	76	On Stream
	Barrhead	431 Mcf/d	54.00	39	On Stream
16-30	Belly River	232 Mcf/d	34.00	13	On Stream
05-31	Devonian	275 Mcf/d	64.00	40	On Stream
		17 bop/d			
10-30	Basal Quartz	100 Mcf/d	35.13	6	On Stream
06-01	Basal Quartz	34 bop/d	44.00	15	On Stream
02-01	Devonian		84.00		To be production tested
09-30	Basal Quartz	700 Mcf/d	71.50	83	On Stream
<b>TOTAL GAS</b>		<b>10,070 Mcf/d</b>		<b>1,061</b>	
<b>TOTAL OIL</b>		<b>71 Bbl/d</b>		<b>71</b>	
<b>EXIT PRODUCTION FORECAST FOR 2006</b>				<b>1,100+</b>	<b>BOE/d</b>

In the third quarter of 2006, Petro-Reef produced an average of 339 BOE/d compared with 167 in the third quarter of 2005. Because of soft natural gas prices, delays in regulatory applications for tie-ins of the 8-29 and 3-7 wells and the twin wells yet to be drilled at 3-7 and 9-33, Petro-Reef has revised its projected cash flow from operations for the year ending December 31, 2006 from \$5.6 million to \$4.3 million.

Although Petro-Reef's cash flow is lower than projected due to factors beyond Petro-Reef's control, thanks to continued success in the field, the company's production forecast is on track. Petro-Reef expects to exit 2006 producing 1,100 to 1,550 BOE/d.

Petro-Reef's management's discussion and analysis and financial statements for the third quarter and first nine months of 2006 are available on SEDAR at [www.sedar.com](http://www.sedar.com) and on Petro-Reef's website at [www.petro-reef.ca](http://www.petro-reef.ca).

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.

Petro-Reef cautions that "cash flow from operations" does not have a standardized meaning prescribed by Canadian generally accepted accounting principles and is therefore unlikely to be comparable to similar measures presented by other issuers. Management believes "cash flow from operations," defined as cash provided by operations before changes in non-cash working capital, is a useful indicator of the Company's ability to fund future capital expenditures.

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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