

PRESS RELEASE

REECE ENERGY INC. ANNOUNCES PROPOSED QUALIFYING TRANSACTION WITH GANZE REECE OPERATIONS LTD., BLUE DENIM EXPLORATION INC. AND RENDER RESOURCES LTD.

November 15, 2004 – Medicine Hat, AB – Reece Energy Inc. ("Reece"), a capital pool company listed on the TSX Venture Exchange (TSX-V: REY.P), announces that it has entered into letters of intent, dated November 12, 2004, to acquire all of the issued and outstanding shares of three non-arm's length private oil and gas companies: Ganze-Reece Operations Ltd. ("Ganze"), Blue Denim Exploration Inc. ("Blue Denim") and Render Resources Ltd. ("Render"). The anticipated transaction price is approximately \$17.229 million, comprised of assessed P&NG reserves and holdings in the amount of approximately \$16.429 million plus vendor financed additional assets estimated at this time to be not greater than \$800,000. The P&NG portion of the purchase price is allocated as follows:

▪ Ganze-Reece Operations Ltd.	\$11,253,865	68.5%
▪ Render Resources Ltd.	\$2,053,625	12.5%
▪ Blue Denim Exploration Inc.	\$3,121,510	19.0%

The balance of the purchase price estimated, not greater than \$800,000, will be based upon the net value as determined from financial statements of the balance of the assets of each of the three companies respectively and allocated accordingly.

These acquisitions are intended to constitute Reece's Qualifying Transaction in accordance with the policies of the TSX Venture Exchange ("Exchange").

Terms of the Proposed Qualifying Transaction

The P&NG portion of the purchase price is determined by reference to the Sproule Report (see below) created for Ganze, Render and Blue Denim. The value placed in the Sproule Report on the GRB Properties (see below) and holdings varied depending on the assumptions chosen in the Sproule Report. The agreed assumptions chosen for this transaction were based upon a net present value before income taxes with a discount rate of 10% percent, using forecast prices (based upon the ATB price deck as at September 30, 2004), and resulted in a value of \$16.429 million. A further increase to the purchase price ("Additional Value") will be made for the excess of assets bought over assumed liabilities for the target companies outside of their P&NG holdings. This balance of the purchase price will be obtained from financial statements, as at October 1, 2004, of the target companies when they have been completed.

The P&NG portion of the purchase price for each of the target companies will be satisfied by the issuance of that number of Reece shares that is equal to the respective target company's share of the P&NG portion of the purchase price divided by \$0.35 (the deemed value of a Reece share as of the relevant date), in exchange for all of the outstanding issued shares of the respective target companies. In connection with obtaining shareholder approval of the Qualifying Transaction, it is anticipated that the Reece shareholders will also be asked to approve a consolidation of their Reece shares on up to a 1:4 basis and to approve a name change of Reece in connection with the consolidation.

The Additional Value is not expected to exceed \$800,000. It will be paid by the issuance, by Reece, of a series of promissory notes in favour of each seller. The total of all principal amounts of such promissory notes will be equal to the total Additional Value. The principal for each promissory note in favour of each seller will be pro-rata to that seller's equity interest being sold. All principal amounts will be payable on demand after May 1, 2005 and will bear a simple interest rate of 12% per annum or such other interest rate as otherwise agreed to hereafter.

No deposit has been provided by Reece to any target company regarding the intended transactions.

Information Regarding Ganze, Render and Blue Denim

Ganze- Reece Operations Ltd.

Ganze-Reece Operations Ltd. is a private oil and gas company incorporated in 1993 in the province of Saskatchewan and extra-provincially registered in the province of Alberta. Ganze currently carries on active investment and production operations in the oil and gas industry with its head office in Medicine Hat, Alberta. Over the years, Ganze acquired a full staff for drilling, production and operation of its properties. Mr. Lorne Swalm beneficially owns 100% of the issued and outstanding shares of Ganze. Mr. Swalm is a director and officer of Reece as well as the sole director and officer of Ganze. Mr. Swalm is also President of Render and is also Secretary Treasurer of Blue Denim. Ganze owns a 68.5% interest in the GRB Joint Venture (see below).

The following provides selected unaudited financial information regarding Ganze as at April 30, 2004:

Working Capital	\$ (584,743)
Total Assets	2,707,248
Shareholders' Equity	506,011
Revenue (net of royalties)	2,172,363
G&A	402,804
Net Income	246,538

Render Resources Ltd.

Render Resources Ltd. is a private owned oil and gas company incorporated in 2001 in the province of Alberta. Mr. Lorne Swalm is a director and officer of Reece as well as a shareholder, director and officer of Render. Mr. Kenneth MacPhail is a director of Reece as well as a shareholder and director of Render. Mr. Ronald Baba is a director and officer of Reece and his wife is a shareholder of Render. Mr. Baba also acts as corporate solicitor for Render. Render has as total of 23 shareholders. Currently it employs no staff and operates in Medicine Hat, Alberta through a management agreement with Ganze. Render owns a 12.5% interest in the GRB Joint Venture.

The following provides selected unaudited financial information regarding Render as at December 31, 2004:

Working Capital	\$ (139,001)
Total Assets	1,120,299
Shareholders' Equity	819,138
Revenue (net of royalties)	407,943
G&A	18,714
Net Income	90,891

Blue Denim Exploration Inc.

Blue Denim Exploration Inc. is a private oil and gas exploration company located in Medicine Hat, Alberta. Incorporated in June, 2002, Blue Denim's purpose is to explore, identify and assess the production potential of select oil and gas plays as a preliminary to drilling, completing and producing the most profitable prospects. Through a private offering memorandum in 2003 Blue Denim raised \$1.5 million from 88 shareholders. During 2003 and 2004 Blue Denim has invested significant resources in seismic operation as well as in earth science equipment and staff. Mr.

Doug McKinnon is President of Blue Denim. Mr. Ron Baba is Vice President, and Mr. Lorne Swalm is Secretary Treasurer of Blue Denim. Blue Denim owns a 19% interest in the GRB Joint Venture.

The following provides selected unaudited financial information regarding Blue Denim as at June 30, 2004:

Working Capital	\$ 761,604
Total Assets	1,551,261
Shareholders' Equity	1,367,725
Revenue (net of royalties)	134,841
G&A	75,194
Net Income	(24,586)

GRB Joint Venture

Effective September 30, 2004 Ganze, Blue Denim and Render entered into a Joint Venture arrangement whereby each party's assets would be available to the other for development purposes, as well, existing and future cash flows would be shared in the following ratios:

Ganze-Reece Operations Ltd.	68.5%
Render Resources Ltd.	12.5%
Blue Denim Exploration Inc.	19.0%

The operation of the three companies, in practical terms, overlaps extensively and utilizes common personnel. In order to facilitate the smooth operation and advancement of development projects and land acquisitions it was determined that it would be in the interests of all three companies to act jointly. Each company's P&NG reserves and holdings were evaluated by Sproule Associates (the "Sproule Report"). Other assets, including intangibles, were taken into account by each company's negotiators to arrive at these percentages.

GRB Properties

As at October 1, 2004 this arrangement (the "GRB Joint Venture") has governed the cash flows and expenses, and new developments of all three companies. The P&NG reserves and holdings (the GRB Properties) as well as the other assets of the three companies are summarized in the Sproule Report as follows:

Area	Description
Avon Hills, Sask.	The GRB Joint Venture owns an interest in 3,000 acres of land in this area. There are currently 25 producing light oil wells and a treating facility.
Brock East, Sask.	The GRB Joint Venture owns a 100% interest in 5,120 acres of land in this area. Currently there are no wells drilled on this land.
South Kindersley, Sask.	The GRB Joint Venture owns an interest in 1,840 acres of land in the area. The GRB Joint Venture owns 100% working interest in 4 producing oil wells and 1 tested gas well in the area, subject to royalties.
Glidden, Sask.	The GRB Joint Venture owns a 50% interest in 3,200 acres of land in this area. Currently there are no producing wells on the lands.
Kindersley, Sask.	The GRB Joint Venture has a 100% working interest, subject to various Crown, freehold and gross overriding royalty encumbrances in 8 producing wells in this area.
North Doddsland, Sask. - Gas	The GRB Joint Venture owns a large interest in over 18 sections of land in this area. There are currently 16 wells producing sweet gas. The GRB Joint Venture also owns and operates a gas

	processing and compression facility in the area. In addition to the wells already in production, this area has excellent low-risk infill capability.
North Dodsland, Sask. - Oil	The GRB Joint Venture owns an interest in 1,400 acres of land in the area that have been proven productive for Bakken heavy oil. The GRB Joint Venture has a 100% working interest, subject to freehold and gross overriding royalties in 2 vertical heavy oil wells. As well, The GRB Joint Venture has a 90% working interest subject to freehold and gross overriding royalties in 1 horizontal heavy oil well.
Chandler, Sask.	The GRB Joint Venture owns a 100% interest in 320 acres of land in this area. Currently there are no producing wells on the lands. Plans have been made to re-enter an existing abandoned vertical well and drill horizontally.
Hastings, Sask.	The GRB Joint Venture has executed a farm-in arrangement with Duce Oil Ltd. On the Hastings Voluntary Unit No. 2 whereby the GRB Joint Venture has the right to drill a horizontal well in the Frobisher zone and by paying 100% of the drilling costs and 0% of the completion cost will earn a 50% working interest in the well.
Oxbow, Sask.	The GRB Joint Venture has earned a 50% working interest before payout and a 25% working interest after payout in land in the area. Currently there is 1 light oil well producing in this area.

Directors, Management and Insiders

The transaction contemplated by the letters of intent is a Non-Arm's Length Qualifying Transaction. Upon completion of the transaction, the following individuals will act as directors and/or officer of the resulting issuer:

Lorne A. Swalm, President, Chief Executive Officer and Director of Reece

Mr. Swalm is a businessman with over 27 years in the oil and gas industry. Since 1994, he has been the President and CEO of Ganze-Reece Operations Ltd. Mr. Swalm is also President, CEO and Director of Render Resources Ltd., as well as a Director and Secretary Treasurer of Blue Denim Exploration Inc. Mr. Swalm owns 100% of Ganze, approximately 2.78% of Render and approximately 7.25% of Blue Denim. His wife owns approximately 2.78% of Render. Mr. Swalm is a Promoter of Reece and will act as a director, President and Chief Executive Officer of the resulting issuer.

Douglas D. McKinnon, Vice President and Director of Reece

Since 1996 Mr. McKinnon has been a geological consultant in the oil and gas industry. He has been the President of Stoneworx Earth Sciences Ltd., a private oilfield consulting firm since 1983. From 1982 to 1997 Mr. McKinnon was Vice President of Omni Resources Limited, a private Saskatchewan corporation engaged in oil and gas exploration, development and production. Mr. McKinnon is also currently President, CEO and Director of Blue Denim Exploration Inc. Mr. McKinnon owns approximately 7.25% of Blue Denim. His wife owns approximately 0.50% of Blue Denim. Mr. McKinnon is a Promoter of Reece and will act as a director and Vice President of the resulting issuer.

Ronald B. Baba, Q.C., Secretary and Director of Reece

Mr. Baba is a Barrister & Solicitor and partner of Niblock & Company since 1981. Mr. Baba's practice emphasizes in corporate and commercial law. Mr. Baba received a Bachelor of Commerce with distinction from the University of Saskatchewan in 1975 and his Bachelor of Laws

with distinction from the University of Saskatchewan in 1976. Mr. Baba is currently a Director and Vice President of Blue Denim Exploration Inc. Mr. Baba also has acted as solicitor for each of Ganze, Render and Blue Denim on various matters at various times. Mr. Baba owns approximately 8.75% of Blue Denim. His wife owns approximately 5.56% of Render and approximately 0.50% of Blue Denim. Mr. Baba is a Promoter of Reece and will act as a director and corporate secretary of the resulting issuer.

Jeffrey S. MacFarlane, C.A., Chief Financial Officer of Reece

Mr. MacFarlane has been a chartered accountant since receiving his designation in 2002 after articling with Stark & Marsh, Chartered Accountants for two years. His experience also includes seven years in the oil & gas industry where his responsibilities included tax planning and compliance, corporate reporting and functions. Mr. MacFarlane will act as the Chief Financial Officer of the resulting issuer.

Kenneth A. MacPhail, Director of Reece

Mr. MacPhail has been a professional agronomist since 1997. He received a Bachelor of Science from the University of Alberta in 1985. Since 1991 Mr. MacPhail has been the owner and manager of Gateway Agra Services Ltd. an agricultural, fertilizer & chemical crop supplies company. Mr. MacPhail is currently a Director of Render Resources Ltd. Mr. MacPhail owns approximately 5.56% of Render and approximately 2.00% of Blue Denim. Mr. MacPhail will act as a director of the resulting issuer.

Gregory E. Peterson, Director of Reece

Mr. Peterson is a partner of Gowling Lafleur Henderson LLP a national Canadian law firm. Mr. Peterson specializes in securities, corporate, commercial and sports law. Mr. Peterson is a director and/or officer of several publicly traded companies listed on the Exchange and the TSX. Mr. Peterson will act as a director of the resulting issuer.

Conditions to Completion of Qualifying Transaction

Completion of the proposed transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and majority of the minority shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

Sponsorship

Reece has obtained an exemption from the sponsorship requirements of the Exchange.

All figures quoted in this document are in Canadian funds unless otherwise noted.

For any further information, please contact:

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The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.