



## NEWS RELEASE

### Progress Announces First Quarter Results

#### Montney and Nikanassin drive strong production growth

*Calgary, April 28, 2010 (TSX – PRQ)* – Progress Energy Resources Corp. (“Progress” or the “Corporation”) announces results for the first quarter of 2010 (the “Quarter”). Production averaged 35,070 barrels of oil equivalent (“boe”) per day or 210 million cubic feet of gas equivalent (“mmcf”) per day and cash flow from operations was \$48.7 million or \$0.29 per share, diluted. Capital investment in the Quarter was \$121 million and included the drilling of 29 wells (25.7 net) with a 100 percent success rate.

“We have focused our capital program on the Montney and Nikanassin plays which has increased the depth of our unconventional gas drilling inventory and continues to build the underlying value of every share of Progress,” said Michael Culbert, President and Chief Executive Officer of Progress. “We are seeing the results of our investment as production grows and our leading cost structure further strengthens, all of which position Progress and its shareholders to benefit as gas prices improve from current levels.”

#### Highlights

- Drilled four horizontal wells at Town South and commissioned a 25 mmcf per day compressor and dehydration facility. The four wells tested between four to seven mmcf per day on a five day sustained test rate;
- Drilled a total of 16 wells in the Foothills of northeast British Columbia during the Quarter. These wells were primarily directed at the Corporation’s Montney opportunities and also included traditional Halfway and Bluesky horizons;
- Drilled 13 wells in the Deep Basin during the Quarter. Of these, six wells were completed and tested at an average first month rate of three mmcf per day per well. The Nikanassin was the primary target in these wells with additional zones including the Charlie Lake, Gething and Falher being completed as well;
- Acquired complementary and contiguous assets in the Foothills of northeast British Columbia for \$390 million. This includes approximately 7,300 boe per day of production and 188,000 net undeveloped acres of land;
- Completed a \$350 million private placement and a \$250 million public offering of common shares at a price of \$12.60 per common share for gross proceeds of \$600 million;

- Maintained the first quarter dividend at \$0.10 per common share.

### **Foothills Montney Program**

Progress has established an enviable position in the Montney fairway in the Foothills of northeast British Columbia. The Corporation's Montney land base now covers approximately 900,000 net acres of Montney rights of which 680,000 net acres are in the Foothills in large contiguous blocks. First quarter drilling activity has increased Montney production from approximately eight mmcf per day of natural gas at the beginning of the year to approximately 30 mmcf per day (5,000 boe per day), with over 20 mmcf per day targeted to flow through its recently commissioned facility at Town South

In the Quarter, Progress drilled, completed and brought on-stream four horizontal wells in the Town South area with five-day sustained test rates ranging between four to seven mmcf per day each. The five Town South horizontal wells drilled to date are currently on stream at a combined restricted rate of 20 mmcf per day. Eight to ten additional horizontal wells will be drilled in the greater Town area prior to year end.

Over the past six months, Progress has drilled or recompleted successful Montney vertical delineation wells at Town, Kobes, Altares, Caribou, Gundy, and Lily with sustained test rates averaging one and a half mmcf per day. Progress' net Montney acreage within the area bounded by the vertical tests covers more than 300 net sections of land. Based on typical shale gas development, this area has the potential to support up to eight horizontal wells per section. Vertical delineation wells have yielded commercial gas rates from both the upper and lower Montney intervals across the delineated area. The entire Montney interval is approximately 1,000 feet in thickness in the Foothills.

Progress has initiated a pilot program at Kobes with the drilling of two horizontal wells (0.8 net) following up successful vertical wells on Progress and partner-operated wells. These horizontal wells will be completed early in the third quarter. Progress targets the initiation of three additional horizontal pilot programs in 2010 following up on the success of its recent vertical delineation drilling and recompletion activity across the Foothills.

### **Deep Basin of Northwest Alberta**

Progress Energy continued its successful drilling program in the Gold Creek/Wapiti area, drilling 13 wells (12.5 net) in the Quarter. Drilling activity was focused on further developing the Nikanassin play and high grading opportunities based on extensive geologic mapping of the area. Since Progress co-developed the use of a SlikPro™ fracture stimulation technique, the productivity of the Nikanassin zone has

changed from being marginally economic to, in many cases, justifying wells which target only the Nikanassin. The economics of these wells are further enhanced by the multiple producing horizons which come in to play in wells drilled in this area.

Since February 2008, Progress has drilled 22 wells in the Gold Creek/Wapiti core area with the Nikanassin as the primary target. The Nikanassin zones which were fracture stimulated using SlikPro™ have yielded test rates averaging 2.5 mmcf per day. Progress has been able to achieve economic rates from a zone long considered uneconomic to drill. As a result, many wells in the Gold Creek/Wapiti area have Nikanassin pay that was left unperforated and which now present recompletion and new drill opportunities. Production from wells where the Nikanassin has been a target zone has grown significantly from less than 500 boe per day in early 2008 to approximately 6,000 boe per day currently.

The regulatory environment in Alberta has continued to improve with the government's recent decision to permit drilling of four wells per section within this area which will allow Progress to more efficiently increase the number of wells drilled on each section.

#### **Financial Strength**

Cash flow for the Quarter was \$48.7 million or \$0.29 per share, diluted. Capital investment was \$121 million and the dividend for the first quarter was maintained at \$0.10 per common share.

Progress' average gas price in the Quarter was \$5.27 per thousand cubic feet ("mcf"). The Corporation's high heat content gas stream achieves a premium to AECO prices. Royalty rates averaged 17.5 percent in the Quarter reflecting lower natural gas prices. Operating costs averaged \$6.12 per boe in the Quarter.

Progress has series of hedges on 20,000 gigajoules ("GJ") per day for the period from March to December 2010. The average of the swap instruments is \$5.78 per GJ or approximately C\$6.50 per mcf based on Progress' high-heat content natural gas. Additionally, the Corporation previously purchased put options for the period from November 1, 2010 to March 31, 2011 at a strike price of C\$6.53 per GJ and at a cost of C\$1.08 per GJ on a volume of 25,000 GJ per day. The net price of C\$5.35 per GJ is approximately C\$6.00 per mcf using Progress' high-heat content natural gas. In total, Progress has hedges on approximately 10 percent of the Corporation's forecast 2010 natural gas production.

As at March 31, 2010, Progress had net bank debt, including working capital deficiency, of \$181.6 million on its credit facility of \$650 million. Additionally the Corporation has convertible debentures outstanding of approximately \$331 million which come due over various terms. During the Quarter, Progress announced a \$350

million private placement with the Canada Pension Plan Investment Board and a concurrent \$250 million public financing. The financings closed on a March 2, 2010. In April Progress entered into an agreement to dispose of certain assets in central Alberta for approximately \$46 million before closing adjustments. Production from these assets is forecast to be approximately 1,000 boe per day at closing.

## **Outlook**

Our 2010 capital investment program is focused on investing \$350 million in our two key resource play regions in the Foothills and Deep Basin and includes \$50 million to be invested in the acquired properties in northeast British Columbia. Our successful first quarter program delivered material growth in our Montney play, which achieved commercial production, and our Nikanassin focused program delivered another quarter of strong drilling results. Production is forecast to exit 2010 in the range of 45,000 to 46,500 boe per day.

We have clearly established Progress as a premier exploration and production company in two growing resource plays in the Western Canadian Sedimentary Basin. By enhancing our capital efficiencies through a larger, focused program and maintaining our low cost leadership on all fronts, including operating and general and administrative costs, we believe we can continue to grow the underlying asset value of the company and position our shareholders to benefit as the natural gas price environment improves.

## **Consolidated Financial Statements and MD&A**

First Quarter 2010 Consolidated Financial Statements and Notes to the Consolidated Financial Statements and Management's Discussion and Analysis for Progress Energy Resources Corp. have been filed on SEDAR ([www.sedar.com](http://www.sedar.com)) under Progress Energy Resources Corp. and can also be accessed on the Corporation's website at [www.progressenergy.com](http://www.progressenergy.com).

## **Annual Meeting of Shareholders**

Progress' Annual and Special Meeting of Shareholders is scheduled for Thursday, April 29, 2010 at 3:30 p.m., Calgary time, at the Calgary Petroleum Club, 319-5<sup>th</sup> Avenue S.W. Calgary, Alberta.

Progress is a Calgary based, mid-size energy Corporation primarily focused on natural gas exploration, development and production in northwest Alberta and northeast British Columbia. Common shares of Progress are listed on the Toronto Stock Exchange under the symbol PRQ.

### **For further information:**

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	Three Months Ended March 31	
	2010	2009
<b>FINANCIAL HIGHLIGHTS</b>		
<b>Income Statement</b> (\$ thousands, except per share amounts)		
Petroleum and natural gas revenue	113,471	102,660
Cash flow <sup>1</sup>	48,701	68,767
Per share – diluted	0.29	0.46
Cash dividends declared <sup>2</sup>	21,301	17,134
Per share	0.10	0.10
<b>Balance Sheet</b> (\$ thousands)		
Working capital deficiency	42,506	37,869
Bank debt	139,074	387,956
Convertible debentures	298,902	125,352
Total debt	480,482	551,177
Capital expenditures	120,773	97,923
Plan of Arrangement <sup>3</sup>	-	662,659
Asset Acquisition <sup>4</sup>	389,609	-
<b>OPERATIONAL HIGHLIGHTS</b>		
<b>Average Daily Production</b>		
Natural gas ( <i>mcf/d</i> )	178,993	174,535
Crude oil ( <i>bbls/d</i> )	1,812	2,151
Natural gas liquids ( <i>bbls/d</i> )	3,426	1,930
Total daily production ( <i>boe/d</i> )	35,070	33,170
<b>Average Realized Prices</b>		
Natural gas ( <i>\$/mcf</i> )	5.27	5.52
Crude oil ( <i>\$/bbl</i> )	75.33	44.50
Natural gas liquids ( <i>\$/bbl</i> )	52.68	38.98
<b>Wells Drilled, Net</b>	25.7	25.5

(1) Represents cash flow from operating activities before changes in non-cash working capital.

(2) The March 31, 2009 dividends declared include \$0.7 million of accumulated distributions and dividends paid on performance units that vested during period.

(3) Reverse Takeover of ProEx Energy Ltd. on January 15, 2009.

(4) Foothills asset acquisition. on March 31, 2010.

### **Advisory Regarding Forward-Looking Statements**

*This news release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "forecasts", "targets" and similar expressions are intended to identify forward-looking information or statements. In particular, forward looking statements in this news release include, but are not limited to, statements with respect to: production to be processed through the Corporation's Town South facility; anticipated royalty credits; anticipated internal rate of return; drilling plans and the timing thereof; plans regarding future horizontal pilot programs; Corporation's 2010 capital program and allocation thereof; facility expansion plans and the expected costs if such development plans; Progress' ongoing strategy and results therefrom; expected production rates; and expected commodity prices and industry conditions. This news release also contains test results for various wells. Actual production from these wells could differ materially from these test results.*

*The forward-looking statements and information are based on certain key expectations and assumptions made by Progress, including expectations and assumptions concerning prevailing commodity prices and exchange rates, applicable royalty rates and tax laws; future well production rates; reserve and resource volumes; the performance of existing wells; the success obtained in drilling new wells; and the sufficiency of budgeted capital expenditures in carrying out planned activities; and the availability and cost of labour and services and future operating costs. Although Progress believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward looking statements and information because Progress can give no assurance that they will prove to be correct.*

*Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the oil and gas industry in general such as operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve and resource estimates; the uncertainty of estimates and projections relating to reserves, resources, production, costs and expenses; health, safety and environmental risks; commodity price and exchange rate fluctuations; marketing and transportation; loss of markets; environmental risks; competition; incorrect assessment of the value of acquisitions; failure to realize the anticipated benefits of acquisitions; ability to access sufficient capital from internal and external sources; changes in legislation, including but not limited to tax laws, royalties and environmental regulations.*

*Management has included the above summary of assumptions and risks related to forward-looking information provided in this news release in order to provide securityholders with a more complete perspective on the Corporation's future operations and such information may not be appropriate for other purposes. The Corporation's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that the Corporation will derive there from. Readers are cautioned that the foregoing lists of factors are not exhaustive. These forward-looking statements are made as of the date of this news release and the Corporation disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.*

*Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the operations or financial results of Progress are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)). The forward-looking statements and information contained in this news release are made as of the date hereof and Progress undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.*

### **Advisory Regarding Reserves**

*"Boe" means barrel of oil equivalent on the basis of 1 boe to 6,000 cubic feet of natural gas and "mcf" means thousand cubic feet of natural gas equivalent. Boe's and mcf's may be misleading, particularly if used in isolation. A boe conversion ratio of 1 boe for 6,000 cubic feet of natural gas, or an mcf conversion ratio of 6,000 cubic feet of natural gas for one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.*