



NEWS RELEASE

Progress Announces Second Quarter Results

Montney program on track

Calgary, July 27, 2010 (TSX – PRQ) – Progress Energy Resources Corp. (“Progress” or the “Company”) announces results for the second quarter of 2010 (the “Quarter”). Production averaged 43,520 barrels of oil equivalent (“boe”) per day, 29 percent higher than the second quarter of 2009 as a result of strong performance from the Company’s Montney and Nikanassin plays and the acquisition of assets in northeast British Columbia. Net capital investment for the Quarter was a credit of \$6.6 million taking into effect the central Alberta asset disposition and a \$38.2 million capital program which reflects normal seasonal activities due to spring break-up.

“We have entered a new era of growth at Progress and are positioned to deliver strong natural gas production growth into an improving natural gas price environment”, said Mr. Michael Culbert, President and CEO of Progress. “Our extensive British Columbia Foothills Montney position is poised to provide long-term growth in production and reserves while our Alberta Deep Basin assets continue to generate strong results in one of North America’s most economic gas plays.”

Highlights

- Produced 43,520 boe per day for the Quarter, compared to 33,817 boe per day in the second quarter of 2009, resulting in a 13 percent debt-adjusted per share growth;
- Generated \$51.2 million of cash flow in the Quarter or \$0.24 per share, diluted, compared to \$30 million or \$0.18 per share, diluted, in the second quarter of 2009;
- Drilled three wells (2.7 net) with a 100 percent success rate; two were drilled in the Deep Basin and one in the Foothills;
- Successfully commissioned the Town South Montney facility;
- Commenced summer horizontal drilling program at Town South and Caribou;
- Continued de-risking of the Foothills Montney play with horizontal and vertical well completions;
- Added approximately 35,000 undeveloped acres of land through crown land sales in the Quarter; Progress holds over 1.3 million net undeveloped acres;
- Processed and interpreted newly shot 3D seismic at Highway in the Foothills of northeast British Columbia leading to several new Montney drilling opportunities on 100 percent owned and controlled lands;
- Closed the west-central Alberta asset disposition for proceeds of \$42.9 million.

Deep Basin of Northwest Alberta Update

Progress embarked on its summer drilling program in the Deep Basin in June with plans to drill approximately 19 wells in this area prior to year end. Additionally, five wells from the first quarter

drilling program will be completed early in the third quarter. The primary focus of the second half drilling program will be on the Company's Nikanassin opportunities which have continued to contribute to consistent growth in production from Progress' Deep Basin assets. Recent changes to the Alberta royalty regime will have a positive long term impact on drilling economics in the Deep Basin. In addition to the continuation of the initial five percent royalty level, the depth limit to qualify for the Natural Gas Deep Drilling Program has been reduced to 2,000 meters which will provide a royalty credit of approximately \$200,000 per well for a typical Progress well in the Deep Basin. The Company currently has two drilling rigs operating in the Deep Basin.

"Approximately one-quarter of our 2010 capital program will be invested in the Deep Basin," said Mr. Culbert. "This will allow us to maintain a consistent pace of drilling activity to take advantage of the drilling credits provided under the Alberta government's incentive programs which result in an average drilling expenditure credit of approximately \$500,000 per well." The Alberta Drilling Royalty Credit Incentive Program remains in place until April 2011 and provides a drilling credit of \$200 per meter drilled.

In addition, the Company continues to invest in infrastructure within the Deep Basin. The construction of a new compressor facility, the expansion of a second facility and the installation of interconnecting pipelines are underway which will provide the required capacity to meet growing production levels.

Foothills Montney Program

Progress has built an enviable land position totaling approximately 900,000 net acres in the Montney fairway in northeast British Columbia and northwest Alberta. In the Foothills of northeast British Columbia, Progress holds the Montney rights on approximately 700,000 net acres of land in large contiguous blocks. The Company's vertical delineation drilling program has expanded its known productive fairway across its land base from Altares/Farrell Creek in the south to more than 100 miles north at Caribou.

In the first quarter of 2010, the Company successfully initiated a horizontal pilot program at Town South which included the drilling of four horizontal wells and the construction of a 25 mmcf per day facility. The Town South Project is now moving into a full development phase which includes plans for seven additional horizontal wells in the second half of 2010 and the expansion of the facility to 50 mmcf per day prior to year end. Progress also expects to advance its Kobes Project to a development phase which will include the construction of new facilities.

In total, approximately \$175 million is being invested in the Company's Montney program in 2010. Six horizontal wells were drilled in the Town South and Kobes areas in the first quarter with an additional 12 horizontal wells scheduled to be drilled across the Company's Foothills Montney lands in the second half of 2010. Other Montney focused activities include nine vertical delineation tests and a large 3D seismic program to further define this large resource. In addition to the projects at Town South and Kobes, Progress plans to identify an additional three areas for development prior to year end.

"Completions in the Kobes, Altares/Farrell Creek and Caribou areas are scheduled with plans to drill additional wells in Town and Kobes over the summer," said Mr. Culbert. "The capital program for the second half of the year is designed to continue to de-risk the Montney play on our lands and increase production."

Financial Strength

Cash flow for the Quarter was \$51.2 million or \$0.24 per share, diluted. Net capital investment was a credit of \$6.6 million and the dividend for the Quarter was maintained at \$0.10 per common share. During the Quarter, the Company divested of its west-central Alberta assets for cash proceeds of \$42.9

million. Additionally, Progress' first series of convertible debentures matured and were paid out in cash utilizing the Company's existing credit facility.

As at June 30, 2010, the Company had approximately \$470 million available under its \$650 million revolving credit facility. Debt-to-total capitalization for Progress is currently 14 percent.

Progress' average gas price in the Quarter was \$4.03 per thousand cubic feet ("mcf"). The Company's high heat content gas stream achieves a premium to AECO prices. Royalty rates averaged 14.6 percent in the Quarter reflecting lower natural gas prices. With the scheduled plant maintenance, operating costs averaged \$6.45 per boe in the Quarter.

Progress has hedges on approximately 15 percent of its natural gas production for the remainder of 2010 at an average AECO price of C\$5.32 per GJ or C\$5.85 per mcf based on the Company's high heat content gas stream.

Outlook

We plan to invest \$350 million in 2010 and exit the year at between 45,000 and 46,500 boe per day which is approximately 40 percent higher than our 2009 exit rate. Approximately one-half of our 2010 growth comes from the acquisition of low risk, low decline assets in the Foothills region which we closed at the end of the first quarter. The primary driver of our future growth is our Montney program in the Foothills. The Town South Project has moved into its full development phase and is expected to reach 50 mmcf per day in the second quarter of 2011. Additionally, by year end, we anticipate advancing our Kobes Project to its first phase of development and identifying another three project areas that will progress from the vertical test phase into the horizontal pilot phase and ultimately into development. Each of these five projects would target production reaching 50 mmcf per day. In addition to the substantial potential of our Montney assets, our Deep Basin program and our semi-conventional opportunities in the Foothills will provide a solid production base and generate strong economic returns.

We have established an enviable asset base in two of the premier natural gas plays in North America. Over the past nine years we have amassed large contiguous land blocks in both the Foothills and Deep Basin regions and both regions are capable of generating strong returns on invested capital in the current natural gas price environment. As we have built our asset position, we have concentrated on maintaining high working interests and operatorship which allow us to control the cost and the pace of development while the maintenance of a healthy balance sheet has been important to ensure that we have the flexibility to take advantage of opportunities which add long-term value for shareholders.

We believe the natural gas price environment will improve to reflect the marginal cost of adding production and reserves on a full cycle basis. Although near term prices will be impacted by the relative levels of natural gas in storage and weather events, we believe the recovery in industrial demand and the steady increase in gas-fired electrical generation will balance the market and ultimately place upward pressure on prices. The alignment of the interests of the Company's shareholders and its management is created through direct ownership in the common shares of Progress. Management, directors and employees in aggregate hold approximately seven percent of the outstanding common stock of the Company.

Consolidated Financial Statements and MD&A

Second 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) under Progress Energy Resources Corp. and can also be accessed on the Company's website at www.progressenergy.com.

Progress is a Calgary based, mid-size energy company 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, contact Greg Kist, Vice President, Investor Relations and Marketing, Progress Energy Resources Corp., at 403-539-1809 (gkist@progressenergy.com).

	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	2010	2009
FINANCIAL HIGHLIGHTS				
Income Statement (\$ thousands, except per share amounts)				
Petroleum and natural gas revenue	115,859	77,031	229,330	179,691
Cash flow ¹	51,240	29,956	99,941	98,723
Per share – diluted	0.24	0.18	0.52	0.63
Cash dividends declared	21,333	17,611	42,634	34,746
Per share	0.10	0.10	0.20	0.20
Balance Sheet (\$ thousands)				
Working capital deficiency (surplus)	18,087	(8,696)	18,087	(8,696)
Bank debt	178,384	429,944	178,384	429,944
Convertible debentures	245,405	126,002	245,405	126,002
Total debt	441,876	547,250	441,876	547,250
Capital expenditures	36,642	12,094	157,415	110,017
Plan of Arrangement ²	-	428	-	663,087
Asset Acquisition ³	(376)	-	389,233	-
Asset Disposition ⁴	(42,854)	-	(42,854)	-
OPERATIONAL HIGHLIGHTS				
Average Daily Production				
Natural gas (<i>mcf/d</i>)	226,898	174,472	203,078	174,503
Crude oil (<i>bbls/d</i>)	2,014	2,121	1,914	2,136
Natural gas liquids (<i>bbls/d</i>)	3,690	2,617	3,559	2,275
Total daily production (<i>boe/d</i>)	43,520	33,817	39,319	33,495
Average Realized Prices				
Natural gas (<i>\$/mcf</i>)	4.03	3.62	4.57	4.57
Crude oil (<i>\$/bbl</i>)	72.97	56.15	74.09	50.32
Natural gas liquids (<i>\$/bbl</i>)	56.40	37.61	54.62	38.19
Wells Drilled, Net	2.7	-	28.4	25.5

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

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

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

(4) West Central Alberta asset disposition on June 30, 2010.

Advisory Regarding Forward-Looking Statements

This press release and financial highlights table (collectively the "press 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" and similar expressions are intended to identify forward-looking information or statements. In particular, forward looking statements in this press release include, but are not limited to, statements with respect to the focus of capital expenditures, the timing of capital spending and the results therefrom; payment of dividends; projections of future land holdings; completion of planned facility expansions and the timing thereof; future drilling plans and programs, the timing thereof and the results therefrom; expected commodity prices and industry conditions.

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 press release in order to provide security holders with a more complete perspective on the Company's future operations and such information may not be appropriate for other purposes. The Company'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 Company 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 press release and the company 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). The forward-looking statements and information contained in this press 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.

Barrels of Oil Equivalent

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