



NEWS RELEASE

Progress Announces Third Quarter Results

Tremendous resource potential positions Progress for strong future growth

Calgary, October 26, 2010 (TSX – PRQ) – Progress Energy Resources Corp. (“Progress” or the “Company”) announces results for the third quarter of 2010 (the “Quarter”). Production averaged 42,335 barrels of oil equivalent (“boe”) per day in the Quarter, up 12 percent per share as compared to the third quarter in 2009. Capital investment in the Quarter was \$108.2 million and was primarily directed towards the Company’s Montney properties in the Foothills of northeast British Columbia.

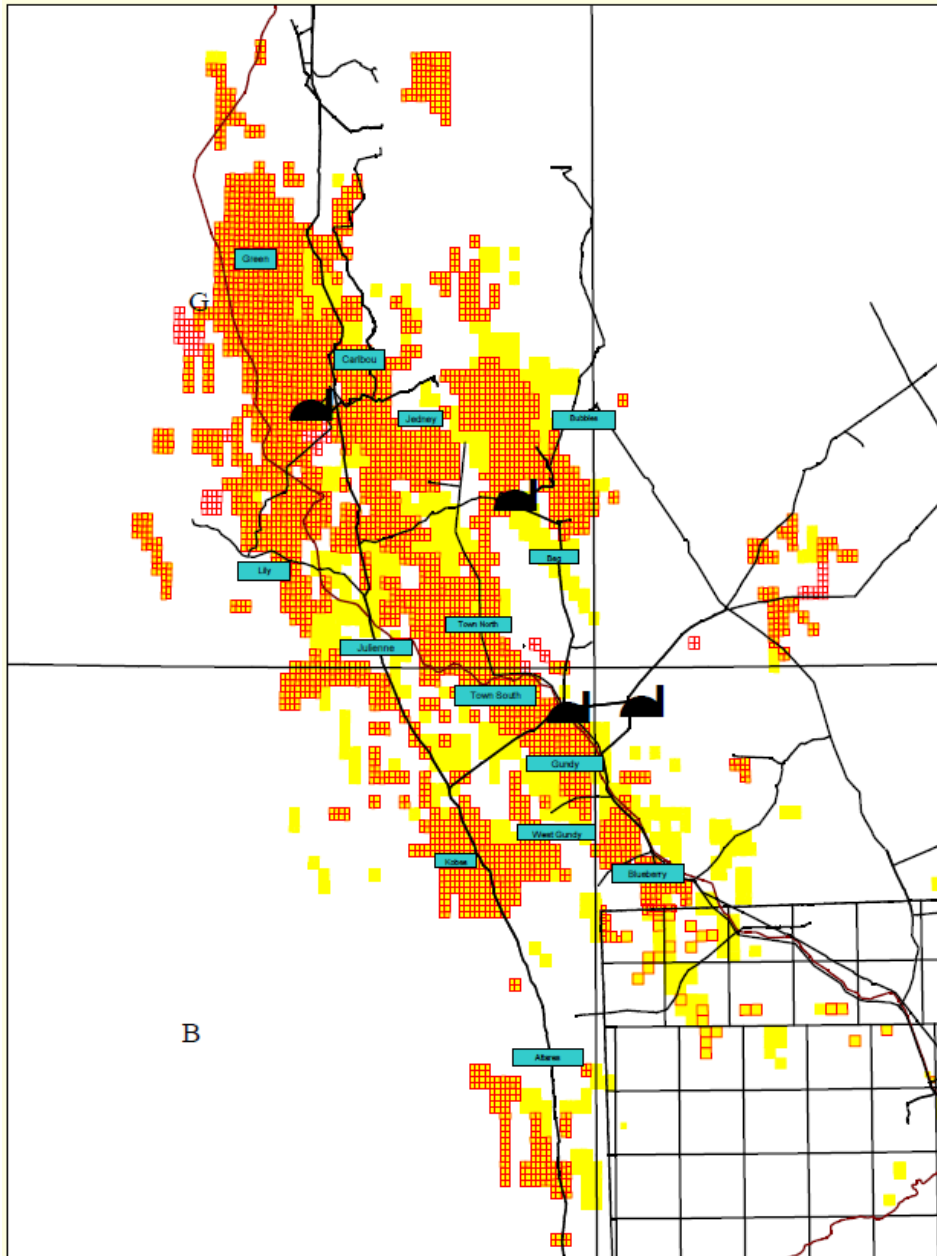
“We are one of the largest land rights holders in a play that many industry observers consider to be among the top unconventional gas plays in North America,” said Michael Culbert, President and Chief Executive Officer of Progress. “Our Montney program provides shareholders with unique exposure and leverage to large-scale, long-term natural gas development, normally associated with a much larger company. The pace of development has accelerated during the last six months, more than doubling the number of horizontal wells since the first quarter of 2010.”

Highlights in the Quarter

- Produced 42,335 boe per day, up 12 percent per share compared to the third quarter of 2009;
- Generated cash flow of \$44.9 million in the Quarter or \$0.21 per share, diluted, up 75 percent per share compared to the third quarter of 2009;
- Drilled a total of 25 wells (20.2 net) with a 100 percent success rate;
- Completed four Montney horizontal wells at Town South and Kobes with an average test rate of 7.1 mmcf per day;
- Optimized the completion technique on the Montney horizontal wells using cluster perforation technology;
- Commenced expansion of the Town South and Kobes gas handling facilities;
- Maintained the third quarter dividend at \$0.10 per common share.

Foothills Montney Program Update

Progress has built a Montney land position totaling over 1,400 net sections in the Montney fairway which spans 350 miles from northeast British Columbia to northwest Alberta. The primary focus of the Company’s Montney program has been the Foothills of northeast British Columbia where exploration and development drilling have expanded the known productive area on Progress’ lands to approximately 500 sections. The Company expects to be able to drill a minimum of four wells per section in the Upper Montney and an additional four wells per section in the Lower Montney on the vast majority of its land base. The Foothills region has become substantially more competitive during the past year and Progress continues to selectively add land to complement its existing drilling program. The Company added approximately 14,000 net acres in the Quarter in the Blueberry area.



At Town South (100 percent working interest), Progress completed two new horizontal wells in the Quarter. The wells tested at stabilized seven day rates of 8.8 mmcf and 5.3 mmcf per day respectively, in the Upper Montney. The well with the higher rate was completed using cluster perforation technology, which has now become standard fracturing practice for the Company. These two new wells bring the total number of successful horizontals in the Town South area to seven, with an average first month rate of 5.3 mmcf per day. Of significance to the economics of the Town South development is a liquids content of approximately 20 barrels per million cubic feet. In the Quarter, the Company also drilled and cased three wells, with completion operations currently underway. Three additional wells are planned to be drilled by the end of the year. Before the end of the fourth quarter, the Company will complete the expansion of the Town South gas handling facility to 50 mmcf per day.

At Kobes (30 percent working interest), the Company completed two wells, four miles apart, with stabilized seven day test rates of 8.7 mmcf per day and 5.6 mmcf per day in the Lower Montney. Cluster perforating technology was utilized on the higher producing well. A new Progress-operated 25 mmcf per day gas handling facility is currently under construction. The second well is non-operated and was tied directly into the third-party owned T-North sales pipeline through a temporary facility. One additional well was drilled in the project in the Quarter and two additional wells are planned before year end.

At Town North and at Caribou (both 100 percent working interest), three horizontal wells were drilled and are currently undergoing completion operations. These horizontal wells are a follow-up to successful vertical exploration tests and position these areas for the commercial development phase.

Successful vertical delineation of the over pressured Montney silt/shale gas accumulations in the Foothills included tests at Altares and Town West. At Altares, the Company encountered over 325 meters of gas saturated Montney section and is now producing into Progress' existing gathering system. At Town West a successful well testing the Montney at the base of a deep syncline yielded a commercial gas rate. The significance of this test is that the Company is now confident that the Montney gas accumulation in the Foothills is independent of underlying structure, and therefore more widespread, unlike the traditional targets in most Foothills environments.

Efforts to reduce the cost to drill a horizontal Montney well have been successful with the most recent wells costing an average of \$2.3 million for a well drilled to a measured horizontal depth of 3,300 meters, which attracts a royalty credit of approximately \$2.1 million. Completions operations remain in the range of \$3.5 to \$3.7 million as the Company tests various completion techniques to further enhance productivity and recoveries. Equipping and tie-in costs are approximately \$0.3 million per well excluding the costs of major facilities. Progress has contracted for sufficient transportation capacity to move its production volumes to market. Additionally, the Company is participating in planned expansions of existing third party facilities to handle future growth volumes.

“Our Montney program continues to deliver consistent results that are exceeding our initial expectations from an economic perspective,” said Mr. Culbert. “We currently have two commercial Montney development pods on track to be capable of 50 mmcf per day each and will be in a position to identify an additional three development pods prior to year end.”

Deep Basin of Northwest Alberta Update

Progress drilled nine wells (7.4 net) in its Deep Basin program in the Quarter at a 100 percent success rate consistent with the Company's success rate in the area since 2009. Four wells were completed in the Quarter and tested an average of two mmcf per day per well, in line with historical well performance. The remaining five wells are to be completed prior to year end. Progress expects to drill five wells in the Gold Creek, Wapiti and Elmworth areas in the fourth quarter.

Two new compressor facilities were constructed in the Gold Creek and Elmworth areas during the Quarter. The new stations were required to provide additional capacity for recent success and the high quality drilling inventory in the immediate area. The economics of drilling in the Deep Basin are robust because of the high liquids content of the natural gas stream and the well developed infrastructure in which Progress has an ownership interest. The market for natural gas liquids in Alberta remains strong because of industrial demand and as such, natural gas liquids prices are expected to remain strong.

Northeast British Columbia Tight Gas Program Update

Six wells (4.1 net) were drilled on the Jedney and Blueberry properties acquired from Suncor Energy in the second Quarter to test infill and reservoir sweep concepts. The wells tested between one to three mmcf per day and have verified a robust inventory of future drilling opportunities to be pursued as natural gas prices strengthen.

Financial Strength

Cash flow for the Quarter was \$44.9 million or \$0.21 per share, diluted. Capital investment was \$108.2 million and the dividend for the third quarter was maintained at \$0.10 per common share. Approximately 28.5 percent of the shares receiving dividends have participated in the Company's Dividend Reinvestment Program ("DRIP") program in October. Details of the DRIP are included in this news release.

As at September 30, 2010, the Company had approximately \$430 million available under its \$650 million revolving credit facility. Debt-to-total capitalization for Progress is currently 17 percent.

Progress' average gas price in the Quarter was \$4.06 per thousand cubic feet ("mcf"), including the impact of the Company's hedging program. The Company's high heat content gas stream achieves a premium to AECO prices. Royalty rates averaged 15 percent in the Quarter reflecting lower natural gas prices. Operating costs averaged \$6.11 per boe in the Quarter reflecting the Company's continued focus on lowering all parts of its cost structure. Progress has hedges on approximately 10 percent of its natural gas production for the remainder of 2010 at an average AECO price of C\$5.32 per gigajoule ("GJ") or C\$5.85 per mcf based on the Company's high heat content gas stream.

Board Appointment

The Board of Directors of Progress is pleased to announce the appointment of Mr. Scott Lawrence as a director of the Company. Mr. Lawrence is Vice President, Head of Relationship Investments for the Canada Pension Plan Investment Board ("CPPIB") and oversaw the investment in Progress by CPPIB earlier this year. He brings extensive financial and capital markets experience to the Board, and as such has joined the Audit Committee following his appointment.

Outlook

We are on track in our exploration and production program to invest approximately \$350 million in total in 2010 in our two key operating regions and exit 2010 within our guidance range of 45,000 to 46,500 boe per day. The primary focus of the program will be the establishment of additional Montney commercial development pods throughout the Company's extensive Foothills acreage and the further derisking of the Company's lands.

At present, we have horizontal and vertical penetrations throughout the Foothills covering an area of approximately 500 sections or over 320,000 acres of land, representing approximately 40 percent of Progress' Foothills land position.

Natural gas prices remain under pressure as a result of relatively high natural gas directed drilling and sufficient natural gas in storage for the upcoming winter. Recently, producers have begun to focus capital into higher natural gas liquids-content or oil plays in order to benefit from relatively higher valued oil and natural gas liquids. We believe the impact of reduced gas-directed drilling will be more evident in the second half of 2011. On the demand side, industrial demand for natural gas in North America has recovered from the lows experienced in 2008 and 2009. We believe that natural gas in North America has a very positive future both as a cleaner fuel for electrical generation and as a fuel for vehicle usage.

Our focus through the lows in the commodity and business cycles has been on long-term resource capture to position our Company for the next up cycle. Our balance sheet provides us with the flexibility to take advantage of opportunities which add long-term value for shareholders. 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 shares of the Company.

Investor Day

Progress will be holding its inaugural Investor Day from 8:30 a.m. to 12:00 noon on November 9, 2010 at the Westin Hotel in Calgary, Alberta and on November 10, 2010 at the Royal York Hotel in Toronto. Institutional investors interested in attending either session are asked to contact Greg Kist at gkist@progressenergy.com or at 403-539-1809 or contact Kim Lewis at kewis@progressenergy.com or at 403-539-1801.

Dividend Reinvestment Program

In August 2009, Progress announced that it has adopted a dividend reinvestment plan (the "DRIP"). The DRIP allows eligible shareholders of Progress to direct that their cash dividends be reinvested in additional common shares which, when issued from treasury, will be issued at 95 percent of the Average Market Price (as defined in the DRIP) on the applicable dividend payment date. A registered shareholder who wishes to enroll in the DRIP may do so by contacting Computershare Trust Company of Canada, the Plan Agent. Beneficial shareholders who wish to participate in the DRIP should contact the broker or other nominee through which their common shares are held to provide appropriate enrollment instructions and to ensure any deadlines or other requirements that such broker or nominee may impose or be subject to are met.

A complete copy of the DRIP is available by following the "Shareholder Information - DRIP link" on the "Investors" page of Progress' website at www.progressenergy.com or from Computershare by calling 1-800-564-6253. Shareholders should carefully read the complete text of the DRIP before making any decisions regarding their participation in the DRIP.

Consolidated Financial Statements and MD&A

Third 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:

Greg Kist, Vice President, Investor Relations and Marketing
Progress Energy Resources Corp.
403-539-1809 (gkist@progressenergy.com).

	Three Months Ended September 30		Nine Months Ended September 30	
	2010	2009	2010	2009
FINANCIAL HIGHLIGHTS				
Income Statement (\$ thousands, except per share amounts)				
Petroleum and natural gas revenue	105,305	64,421	334,635	244,111
Cash flow ¹	44,929	20,596	144,870	119,318
Per share – diluted	0.21	0.12	0.73	0.75
Cash dividends declared ²	22,779	16,513	65,413	51,258
Per share	0.10	0.10	0.30	0.30
Balance Sheet (\$ thousands)				
Working capital deficiency	58,243	9,041	58,243	9,041
Bank debt	218,133	440,518	218,133	440,518
Convertible debentures	247,355	126,656	247,355	126,656
Total debt	523,731	576,215	523,731	576,215
Capital expenditures	108,215	32,042	265,630	142,059
Plan of Arrangement ³		457		663,544
Asset Acquisition ⁴			389,233	
Asset Disposition ⁵			(42,854)	
OPERATIONAL HIGHLIGHTS				
Average Daily Production				
Natural gas (<i>mcf/d</i>)	222,540	157,522	209,637	168,772
Crude oil (<i>bbls/d</i>)	1,872	1,874	1,900	2,050
Natural gas liquids (<i>bbls/d</i>)	3,375	1,995	3,496	2,180
Total daily production (<i>boe/d</i>)	42,335	30,122	40,335	32,358
Average Realized Prices				
Natural gas (<i>\$/mcf</i>)	3.78	3.10	4.29	4.11
Crude oil (<i>\$/bbl</i>)	69.79	69.66	72.66	56.28
Natural gas liquids (<i>\$/bbl</i>)	51.35	41.46	53.56	39.20
Wells Drilled, Net	21.2	10.1	49.6	35.6

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

(2) Includes \$1.7 million and \$1.4 million of accumulated distributions and dividends paid on performance units that vested during the nine months ended September 30, 2009 and September 30, 2010.

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

(4) Foothills asset acquisition on March 31, 2010

(5) West Central Alberta 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; timing of development of resources; 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 securityholders 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.