



## NEWS RELEASE

*NOT FOR DISSEMINATION IN THE UNITED STATES. ANY FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF UNITED STATES SECURITIES LAW.*

### **Progress Announces Closing of \$400 Million Public Offering of Common Shares and Convertible Debentures**

*Calgary, March 7, 2011 (TSX – PRQ)* – Progress Energy Resources Corp. (“Progress” or the “Company”) today announced that it has completed its previously announced public offering (the “Financing”) of common shares (“Common Shares”) and 5.75% Convertible Unsecured Subordinated Debentures (“Convertible Debentures”) for aggregate gross proceeds of approximately \$400 million.

Progress issued 14,400,000 Common Shares at a price of \$13.90 per Common Share and \$200,000,000 principal amount of Convertible Debentures, on a bought deal basis, for gross proceeds of approximately \$400 million, through a syndicate of underwriters led by BMO Capital Markets, Scotia Capital Inc., CIBC World Markets Inc. and RBC Capital Markets and including Cormark Securities Inc., Peters & Co. Limited, FirstEnergy Capital Corp., National Bank Financial Inc., Canaccord Genuity Corp. and Macquarie Capital Markets Canada Ltd. (the “Underwriters”).

Pursuant to its existing subscription right, Canada Pension Plan Investment Board (“CPPIB”), which owned approximately 14.7 percent of the Company’s outstanding Common Shares prior to the Financing, purchased 2,116,800 of the Common Shares for gross proceeds of \$29,423,520.

The Convertible Debentures bear interest at a rate 5.75% per annum, payable semi-annually on the last day of June and December, commencing on June 30, 2011. The Convertible Debentures are convertible at the holder’s option into Common Shares at a conversion price of \$20.85 per Common Share (the “Conversion Price”), and have a maturity date of June 30, 2016 (the “Maturity Date”). The Convertible Debentures are not redeemable prior to July 1, 2014. On and after July 1, 2014 and prior to the Maturity Date, the Convertible Debentures may be redeemed in whole or in part from time to time at the Company’s option, at a price equal to their principal amount plus accrued and unpaid interest up to but not including the date of redemption, provided that the weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days ending five days prior to the date on which the notice of redemption is provided is at least 125% of the Conversion Price.

The Convertible Debentures are direct, unsecured obligations of Progress, subordinated to other indebtedness of the Company for borrowed money and ranking equally with all other existing and future unsecured subordinated indebtedness.

Subject to specified conditions including the approval of the Toronto Stock Exchange ("TSX"), Progress will have the right to repay the outstanding principal amount of the Convertible Debentures, on maturity or redemption, through the issuance of Common Shares. Progress will also have, subject to specified conditions including TSX approval, the option to satisfy its obligation to pay interest through the issuance and sale of Common Shares of the Company.

The net proceeds of the Financing will be used to expand the Company's 2011 capital program to \$350 million, reduce indebtedness and for general corporate purposes.

The Debentures are listed and posted for trading on the Toronto Stock Exchange under the symbol "PRQ.DB.C".

This press release is not an offer of the securities for sale in the United States. The securities have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an exemption from registration. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.

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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 TSX 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).

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

*This 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. More particularly and without limitation, this press release contains forward-looking statements and information concerning the use of the proceeds of the Financing and the terms of the Convertible Debentures.*

*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; the sufficiency of budgeted capital expenditures in carrying out planned activities; and the availability and cost of labour and service. 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; and risk that the board of directors determines that it would be in the best interests of Progress to deploy the proceeds from the Financing to some other purpose.*

*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, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that the Company will derive there from. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this press release.*

*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 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.*

***Oil and Gas Terms***

*The Company has adopted the standard of 6 mcf:1 boe when converting natural gas to boes. Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.*