



PROGRESS ENERGY RESOURCES CORP. DIVIDEND REINVESTMENT PLAN

PURPOSE

The Dividend Reinvestment Plan (the "**Plan**") provides eligible holders ("**Shareholders**") of common shares ("**Shares**") of Progress Energy Resources Corp. ("**Progress**" or the "**Corporation**") the advantage of accumulating additional Shares by reinvesting their dividends.

The Corporation will determine prior to each dividend payment date the amount of equity, if any, that will be made available under the Plan on that date. No assurances can be made that Shares will be made available on a regular basis, or at all.

At the discretion of the Corporation, Shares will either be issued from treasury at 95% of the Average Market Price or acquired at prevailing market rates with no discount. Generally, Progress expects to issue Shares from treasury at a discount to satisfy the dividend reinvestment component of the Plan.

Unless otherwise announced by Progress, Shareholders who are not residents of Canada are not entitled to participate, directly or indirectly, in the Plan.

DEFINITIONS

"**Agent**" means Computershare Trust Company of Canada, or such other company as is appointed by Progress from time to time to act as Agent under the Plan.

"**Average Market Price**" means the arithmetic average of the daily volume weighted average trading prices of the Shares on the Toronto Stock Exchange for the trading days in the Trading Period on which at least one board lot of Shares is traded, appropriately adjusted for certain capital changes (including Share subdivisions, Share consolidations, certain rights offerings and certain dividends).

"**CDS & Co.**" means The Canadian Depository for Securities, which acts as a nominee for many Canadian brokerage firms.

"**Participants**" means registered or beneficial holders of at least one Share who, on the applicable record date for a cash dividend, are eligible to participate in the Plan and have elected to do so in accordance with the terms of the Plan.

"**Enrolment Form**" means Reinvestment Enrollment – Participant Declaration Form.

"**Trading Period**" means the five (5) consecutive trading days immediately prior to the applicable dividend payment date.

ADVANTAGES

The Plan provides eligible Shareholders with the advantage of acquiring additional Shares at potentially lower prices by reinvesting their dividends without paying any commissions, service charges or brokerage fees. An eligible Shareholder may, by enrolling in the Plan, direct that cash dividends on all Shares registered in the name of such Shareholder, together with cash dividends on Shares held for the account of such Shareholder under the Plan, be applied to the purchase of additional Shares, and may elect to have the additional Shares held for the account of such Shareholder under the Plan. Shares will, in the discretion of the Corporation, either be issued from treasury at 95% of the Average Market Price (the "**Discount**") or acquired at prevailing market rates.

Additional Shares which are purchased pursuant to the Plan will be purchased by the Agent, who acts on behalf of the Participants. Where a Participant directs that additional Shares be purchased with the dividends on the Participant's existing Shares, the Agent will hold the additional Shares under the Plan for the account of the Participant.

Dividends paid on additional Shares purchased with reinvested dividends that are held under the Plan will automatically be reinvested in additional Shares in accordance with the Plan and the current election of the Participant.

No commissions, service charges or brokerage fees are payable by Participants in connection with the purchase of additional Shares under the Plan. Full investment of funds is possible because the Plan permits fractions of Shares (to six decimal places) as well as whole Shares to be credited to Participants' accounts.

The Corporation will determine prior to each dividend payment date the amount of equity, if any, that will be made available for issuance from treasury under the Plan on that date and the Corporation will also determine if additional Shares will be purchased on the market. While it is Progress' general expectation to issue Shares from treasury at a discount to satisfy the dividend reinvestment component of the Plan, no assurances can be made that Shares will be made available for issuance from treasury on a regular basis, or at all or whether Shares will be purchased on the market. No assurances can be made that if the determination is made to purchase additional Shares on the market that a sufficient number of additional Shares will be available for purchase on the market. In such an event, dividends will be paid out in cash.

ADMINISTRATION

Computershare Trust Company of Canada has been appointed as Agent under the Plan. If Computershare Trust Company of Canada ceases to act as Agent for any reason, another qualified trust company will be designated by Progress to act as Agent and Participants will be promptly notified of the change.

The Agent acts for and on behalf of the Participants. On each dividend payment date, Progress will pay to the Agent all cash dividends made on the Shares registered in the name of, or held under the Plan for the account of, Participants who have enrolled in the Plan. Subject to proration described below under the heading "Proration In Certain Events", the Agent will use such funds, to purchase additional Shares. Additional Shares purchased under the Plan will be registered in the name of the Agent, or its nominee, as agent for the Participants, and will be credited to the Participant's account.

Under the Plan, the Agent will purchase (at the express direction of the Corporation), on each dividend payment date, for each Participant's account the additional Shares, including fractions computed to six decimal places in the following manner:

- (a) in the case of a market purchase, the average of the actual price paid (excluding brokerage commissions, fees and transaction costs) per Share by the Agent on the TSX (or applicable market) during the three (3) Business Days following the dividend payment date; or
- (b) in the case of a treasury purchase, the "Average Market Price" less a Discount (determined as described herein) of five percent (5%) at the Corporation's election.

Any reinvestment of dividends will, at the discretion of the Corporation, either be purchased from treasury or invested in additional Shares purchased through the market.

All funds received by the Agent under the Plan will be applied to the purchase of additional Shares. **In no event will interest be paid to Participants on any funds held for investment under the Plan.**

PARTICIPATION

Except as noted below, registered holders of at least one Share may enrol in the Plan at any time. Beneficial owners of Shares that are registered in the name of another person (such as a broker, investment dealer, financial institution or other nominee) may not directly enrol in the Plan, but may participate in the Plan through their nominee. Beneficial owners of Shares may only participate in the Plan if they (i) transfer their Shares into their own name and then enrol in the Plan directly, or (ii) arrange through their broker/investment dealer/financial institution or other nominee to enrol via CDS in the Plan on their behalf.

Beneficial owners of Shares whose Shares are not registered in their own names should contact their broker, investment dealer, financial institution or other nominee who holds their Shares to request information regarding participation in this Plan on their behalf while maintaining the Shares in such nominee's account.

A registered Shareholder becomes a Participant by completing and delivering to the Agent a duly completed Enrolment form at least five (5) business days prior to the relevant dividend record date. The Enrolment Form directs Progress to forward to the Agent all cash dividends on Shares registered in the name of the Participant, and directs the Agent to reinvest such dividends, together with cash dividends on Shares held by the Agent for the Participant's account under the Plan, in additional Shares in accordance with the Plan.

An Enrolment Form must be received by the Agent at least five (5) business days prior to a dividend record date in order for the cash dividend to which such record date relates to be reinvested under the Plan. If an Enrolment Form is received by the Agent after a dividend record date, the dividend to which such record date relates will not be reinvested under the Plan and the Authorization Form will only be effective for purposes of subsequent dividends.

A copy of the Enrollment Form is available from the Agent's website at www.computershare.com or by calling the Agent at 1-800-564-6253.

Once a Shareholder has enrolled in the dividend reinvestment component of the Plan, participation in the manner elected by the Participant continues automatically until the Participant's participation in the Plan is terminated. The time at which a termination of Plan participation becomes effective is described under "Termination of Participation" below.

The Corporation reserves the right to determine, from time to time, a minimum number of Shares that a Participant must hold in order to qualify for or continue enrolment in the Plan and reserves the right to refuse participation to, or cancel participation of, any person who, in the opinion of the Corporation, is participating in the Plan primarily with a view to arbitrage trading.

SHAREHOLDERS OUTSIDE OF CANADA

Unless otherwise announced by Progress, holders of Shares who are residents of the United States may not participate in the Plan. Unless otherwise determined by Progress, Shareholders who are resident in any other jurisdiction outside of Canada, other than the United States, may not participate in the Plan.

The Corporation and the Agent reserve the right to deny participation in the Plan to, and to not accept Authorization and the Agent Forms from, any person or agent of such person who appears to be or who the Corporation or the Agent has reason to believe is a resident of any jurisdiction the laws of which do not permit participation in the Plan in the manner sought by or on behalf of such person.

PRORATION IN CERTAIN EVENTS

The Corporation will determine on or before each dividend record date the amount of equity, if any, that will be made available under the Plan on the dividend payment date to which such record date relates.

If, in respect of any dividend payment date, fulfilling all of the elections under the Plan would result in Progress exceeding the limit on new equity set by the Corporation in its discretion, then elections for the purchase of new Shares on that dividend payment date will be prorated among all Participants according to the number of additional Shares sought to be purchased.

If the Corporation determines not to issue any equity through the Plan on a particular dividend payment date, and if the Corporation has instructed the Agent not to otherwise purchase Shares on the market at prevailing market prices in accordance with the Plan, or if the market Shares are unavailable during the 3 day market buy; all Participants will receive the cash dividend to which they would otherwise be entitled to on such dividend payment date.

PRICE OF NEW SHARES

Dividends due to Participants will be paid to the Agent and will be applied to the purchase of Shares.

Subject to the restrictions on the acquisition of additional Shares described herein, additional Shares may be acquired, at the election of the Corporation, either from treasury or through the facilities of the Toronto Stock Exchange or other exchanges on which the Shares may be listed for trading. Additional Shares can be acquired through the facilities of the Toronto Stock Exchange or other exchanges on which the Shares may be listed for trading at any time during the 3 business day period following the relevant dividend payment date at prevailing market rates not exceeding 115% of the volume weighted average trading price. At the discretion of the Corporation, additional Shares may be issued from treasury, at a price equal to 95% of the Average Market Price or the Corporation may purchase additional Shares through the facilities of the Toronto Stock Exchange or other exchanges on which the common shares may be listed for trading.

COSTS

No commissions, service charges or brokerage fees are payable by Participants in connection with the purchase of additional Shares under the Plan. All administrative costs of the Plan, including the fees and expenses of the Agent, will be borne by Progress. However, Participants who enrol in the Plan through a broker, trust company, bank or other nominee may be subject to fees in accordance with their nominee.

ACCOUNTS AND REPORTS TO PARTICIPANTS

An account will be maintained by the Agent for each registered Participant. Unaudited statements of account will be mailed to each Participant on a quarterly basis. These statements are a Participant's continuing record of purchases of Shares made for such Participant's account under the Plan and should be retained for income tax purposes. The Agent will also send annually to each Participant certain tax forms for tax reporting purposes. Adjusted cost base calculations for tax reporting purposes will be the responsibility of each Participant as the averaging rules may apply so that such calculations may depend on the cost of other Shares held by the Participant.

CERTIFICATES FOR SHARES

Shares purchased and held under the Plan will be registered in the name of the Agent or its nominee, as agent for the Participants, and certificates for such Shares will not normally be issued to Participants unless specifically requested in writing, have a Share certificate issued and registered in the Participant's name for any number of whole Shares held for the Participant's account under the Plan

Participants who wish to withdraw Shares from the Plan, but do not wish to terminate their participation in this Plan, may do so by duly completing the withdrawal portion of the voucher located on the reverse of the statement of account (the "**Withdrawal Request Form**") and sending it to the Agent. A Withdrawal Request Form may also be

obtained from the Agent at the address set forth in the "Notices" section of this Plan or by contacting the Agent's National Customer Contact Centre at the number listed below. Certificates will normally be issued within three weeks of receipt by the Agent of the Participant's Withdrawal request for a certificate. Any remaining whole Shares and any fraction of a Share will continue to be held for the Participant's account under the Plan. Certificates representing Shares purchased and held under the Plan, whether registered in the name of the Agent or its nominee or whether registered in the name of the Participant may, if so required by a securities commission, contain a legend indicating restrictions on the resale of the Shares represented by such certificates.

Accounts under the Plan are maintained in the names in which Shares are registered at the time the Participants entered the Plan, and certificates for whole Shares will be similarly registered when issued.

Shares held by the Agent for a Participant under the Plan may not be pledged, sold or otherwise disposed of by the Participant while so held.

TERMINATION OF PARTICIPATION

Participation in the Plan may be terminated by a Participant at any time by duly completing the termination portion of the voucher on the reverse of the statement of account (the "**Termination Request Form**") and sending it to the Agent. A duplicate statement copy containing the voucher may be obtained from the Agent at the address set forth in the "Notices" section of this Plan or by calling the Agent's National Customer Contact Centre at the number listed below. The Participant will receive a certificate for the number of whole Shares held by the Agent in such Participant's account and a cash payment for any remaining fraction of a Share so held. Any fractional Share interest will be paid based on the last investment price.

Generally, a Termination Request Form will be processed within three weeks of the receipt by the Agent of the Termination Request Form or within three weeks after the next dividend payment date. No Termination Request Form will be processed between the dividend record date and the dividend payment date.

Participation in the Plan will be terminated upon receipt by the Agent of evidence satisfactory to the Agent of the death of a Participant; thereafter all dividend paid in respect of the Shares of the deceased Participant will be paid in cash. In the case of termination of participation due to death, a certificate for whole Shares held in such Participant's account will be issued in the name of the estate of the deceased Participant along with a cash payment representing payment for any fraction of a Share in the account.

If the termination request or notice of a Participant's death is not received by the Agent five (5) days before a dividend record date, then the termination and settlement of the Participant's account will not commence, until after the next dividend reinvestment has been completed.

RISK OF MARKET PRICE FLUCTUATIONS

Participants should recognize that Shares acquired under the Plan are no different from an investment in Shares directly held. Accordingly, neither the Corporation nor the Agent can assure a profit or protect Participants against a loss on the Shares purchased under the Plan.

RIGHTS OFFERING

In the event that Progress makes available to its Shareholders rights to subscribe for additional Shares or other securities, rights certificates will be issued by Progress to each Participant in respect of whole Shares held in a Participant's account under the Plan on the record date for such rights issue.

Rights issuable on a fraction of a Share held for a Participant's account will be sold for such Participant by the Agent and the net proceeds of such sale paid to the Participant.

SUBDIVISIONS

If Shares of Progress are distributed pursuant to a subdivision of Shares, such Shares received by the Agent for Participants under the Plan will be held by the Agent and credited by the Agent proportionately to the accounts of the Participants in the Plan. A certificate for any Shares resulting from such a subdivision of Shares that are registered in the name of a Participant, rather than the name of the Agent, will be sent directly to the Participant in the same manner as to Shareholders who are not participating in the Plan.

SHAREHOLDER VOTING

Whole Shares held for a Participant's account under the Plan on the record date for a vote of Shareholders will be voted in accordance with the instructions of the Participant given on a form to be furnished to the Participant. Shares for which instructions are not received will not be voted. No voting rights will attach to any fraction of a Share held for a Participant's account under the Plan.

RESPONSIBILITIES OF PROGRESS AND THE AGENT

Neither Progress nor the Agent shall be liable for any act or for any omission to act in connection with the operation of the Plan including, without limitation, any claims for liability:

- (a) arising out of the failure to terminate a Participant's account upon such Participant's death prior to receipt of notice in writing of such death;
- (b) with respect to the prices and times at which Shares are purchased for the account of or on behalf of a Participant;
- (c) with respect to decisions by the Corporation to raise or not raise equity through the Plan in any given month, or the amount of equity raised, if any; and
- (d) arising out of a prorating, for any reason, of the amount of equity available under the Plan in the circumstances described herein.

Participants should recognize that neither Progress nor the Agent can assure a profit or protect them against a loss on the Shares purchased under the Plan.

Shareholders should also be aware that certain brokers, investment dealers, financial institutions or other nominees may not allow participation in the Plan, and neither the Trust nor the Agent is responsible for monitoring or advising which brokers, investment dealers, financial institutions or other nominees allow participation.

AMENDMENT, SUSPENSION OR TERMINATION OF THE PLAN

Progress reserves the right to amend, suspend or terminate the Plan at any time, but such action shall have no retroactive effect that would prejudice the interests of the Participants. Where required, amendments to the Plan will be subject to the prior approval of the Toronto Stock Exchange. All Participants will be sent written notice of any such amendment, suspension or termination. In the event of termination of the Plan by Progress, the Agent will send to the Participants (or to their brokers or other nominees, as applicable) certificates for whole Shares held for Participants' accounts under the Plan (which may contain a legend indicating restrictions on the resale of the Shares represented by the certificates) and cheques in payment for any remaining fractions of Shares in Participants' accounts. In the event of suspension of the Plan by Progress, no investment will be made by the Agent on the dividend payment date immediately following the effective date of such suspension.

INTERPRETATION

Any issues of interpretation arising in connection with the Plan or its application shall be conclusively determined by the Corporation.

NOTICES

All notices required to be given to a Participant under this Plan will be mailed to the most recent address shown on the records of the Agent.

All communications to the Agent and requests for forms or information regarding this Plan should be directed to:

Computershare Trust Company of Canada
100 University Ave., 9th Floor
Toronto, Ontario M5J 2Y1

Attention: Dividend Reinvestment Department
Or the National Customer Contact Centre at 1-800-564-6253.

Notices to Progress Energy Resources Corp. shall be sent to:

Progress Energy Resources Corp
1200, 205 - 5th Avenue SW
Calgary, Alberta T2P 2V7

Attn: Art MacNichol, Vice President Finance and Chief Financial Officer
Fax: (403) 216-2514

EFFECTIVE DATE OF THE PLAN

The effective date of the Plan is August 27, 2009.