



NEWS RELEASE

Progress Announces First Quarter Results

North Montney established as a top tier shale play in North America

Calgary, May 9, 2011 (TSX – PRQ) – Progress Energy Resources Corp. (“Progress” or the “Company”) announced results for the first quarter of 2011 (the “Quarter”). Production averaged 44,356 barrels of oil equivalent (“boe”) per day in the Quarter, up 26 percent as compared to the first quarter in 2010. Capital investment in the Quarter was \$140.2 million and was primarily directed towards the Company’s Montney properties in the Foothills of northeast British Columbia and its multi-zone Deep Basin opportunities in northwest Alberta.

“Progress is the largest land rights holder in a play that many industry investors now consider to be among the premier unconventional gas plays in North America,” said Michael Culbert, President and Chief Executive Officer of Progress. “Our North Montney development provides shareholders with unique exposure and leverage to large-scale, long-term natural gas development in an area of northeast British Columbia that has access to multiple markets and is well positioned to benefit from future LNG development.”

Highlights

- Produced 44,356 boe per day, up 26 percent compared to the same period in 2010;
- Generated cash flow of \$63.3 million in the Quarter or \$0.29 per share, diluted;
- Drilled a total of 24 wells (22.7 net);
- Drilled eight horizontal and two vertical Montney wells in the Foothills of northeast British Columbia during the Quarter. The wells were primarily drilled in four of the Company’s six Montney development pods at Town South, Town North, Kobes and Gundy;
- Completed construction of the first phase of the Town North gas handling facility with capability of 25 million cubic feet (“mmcf”) per day. Also completed modifications on the Beg North, Beg and Blueberry compressor facilities to optimize existing volumes;
- Drilled 11 wells in the Deep Basin during the Quarter. Of these, five wells were completed with the remaining completions scheduled for the third quarter. The Nikanassin continues to be the primary target for the Company’s Deep Basin program;
- Divested of 800 boe per day of assets for proceeds of approximately \$35 million;
- Completed a \$200 million bought-deal financing of common shares at a price of \$13.90 per common share and a \$200 million Convertible Debenture bought-deal financing for gross proceeds of \$400 million;
- Established a new 3-year extendible revolving \$650 million covenant-based credit facility with the Company’s current banking syndicate. As at March 31, 2011, Progress was undrawn on its bank line;

- Maintained the first quarter dividend at \$0.10 per common share and declared a second quarter dividend of \$0.10 per common share.

Foothills Montney Program Update

Progress has built the industry's largest Montney land position totaling over 1,400 net sections, or approximately 900,000 net acres, spanning 560 kilometers from northeast British Columbia to northwest Alberta. The primary focus of the Company's Montney program has been in the Foothills of northeast British Columbia where Progress holds approximately 660,000 net acres of largely contiguous Montney rights. In November 2010, Progress announced that it was moving forward on its first six development pods, each capable of achieving 50 mmcf per day of natural gas production and sustaining that level for at least 10 years. As Progress pursues its goal of doubling its production base over the next five years, the Company anticipates entering into a long-term agreement with a large midstream company for gas gathering and processing services in northeast British Columbia. This will provide Progress with the ability to bring on-stream approximately 250 mmcf per day of Montney production in a timely manner from its pod developments at attractive tolls. Progress today produces in excess of 70 mmcf per day of Montney sweet gas. Drilling plans for the remainder of 2011 include 20 horizontal and two vertical wells.

At the Town North pod development (100 percent working interest), three horizontal wells were drilled and completed with initial production rates averaging 4.1 mmcf per day. To accommodate these volumes, the first 25 mmcf per day facility was constructed and brought on stream at the end of April.

At the Gundy pod development (100 percent working interest), three horizontal wells were drilled in the Quarter with initial production rates averaging 4.6 mmcf per day. The wells are initially flowing through the Town South gas handling facility via a newly constructed 8-inch pipeline. A new 25 mmcf per day facility will be constructed at Gundy in the second half of 2011, 50 percent funded through the province of British Columbia's infrastructure program.

Progress' most mature development pod is at Town South (100 percent working interest) where the Company reached 50 mmcf per day of production with the tying-in of one horizontal well drilled in the Quarter and including the Gundy pod volumes, which will initially flow through this facility.

In all areas, the Company continues to use perforation clusters in the completion process which is expected to result in higher ultimate recoveries per well. Additionally, the Company has been using its vast 3-D seismic data set to determine the optimal placement of the horizontal wellbores. The Montney formation is approximately 300 meters thick throughout Progress' North Montney lands and the optimal placement of the wellbore within the formation will enhance the effective fracturing and hence, drainage of a section. During the winter, Progress shot or participated in three significant seismic programs in the North Montney region totaling 350 square kilometers.

At the Kobes pod development (30 percent working interest), the Company is currently producing approximately 6.5 mmcf per day, net to Progress. This development pod has proven to have among the strongest initial production rates from the Lower Montney within the entire Montney fairway. One partner-operated well was spud in the Quarter and is expected to be completed and tied-in during the third quarter. The results from Progress-operated wells at Kobes are being used to evaluate the Company's adjacent, 100-percent working interest lands at West Gundy.

Deep Basin of Northwest Alberta Update

Progress drilled 11 wells (10.3 net) in its Deep Basin program with five wells being completed in the Quarter. The remaining wells are to be completed during the third quarter. Progress expects to drill six additional wells in the Gold Creek, Wapiti and Elsworth areas over the remainder of 2011.

Progress maintains ownership in the infrastructure in the Deep Basin region. The Company recently completed a cross-over pipeline that allows additional liquids-rich gas volumes to be processed through the Wapiti deep cut facility. Progress is currently producing approximately 25 mmcf per day of natural gas volumes through the Wapiti facility yielding approximately 60 barrels per million cubic feet of high-value natural gas liquids.

Progress holds a material land position covering approximately 280,000 net acres in the Deep Basin of northwest Alberta. Given the large and contiguous nature of the land base, the Company is able to test play concepts, including liquids-rich gas plays and light oil plays, and with success can quickly establish a meaningful position at lower cost than industry competitors. Progress has the proven expertise in unlocking new play types such as the Nikanassin formation for which the Company co-developed a slick-oil completion technique that is now widely used in the industry.

Program Funding

Progress has actively been pursuing several initiatives to provide capital funding for the Company's near to medium term growth plans. During the first four months of 2011, the Company divested of non-core assets with associated production of approximately 800 boe per day for proceeds of approximately \$35 million. Additionally, Progress is in a process where it has offered to joint venture with interested parties on four properties encompassing approximately 166,000 gross Progress working-interest Montney-rights acreage within the North Montney region.

Financial Strength

Cash flow for the Quarter was \$63.3 million or \$0.29 per share, diluted. Capital investment was \$140.2 million. As at March 31, 2011, the Company was undrawn on its \$650 million revolving credit facility. Debt-to-total capitalization as at March 31, 2011 was 12 percent.

On April 29, 2011 the Company amended and restated its bank credit facility to be a covenant-based facility rather than a borrowing base facility. This facility is a 3-year extendible revolving secured facility in the amount of \$650 million from a syndicate of lenders with an initial maturity date of April 29, 2014. As Progress continues to grow its production, reserves and cash flow with the objective of doubling the size of the Company in the next five years, this new facility will provide more certainty and flexibility to fund the Company's growth program.

Progress' average gas price in the Quarter was \$4.08 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 10.6 percent in the Quarter as a result of lower natural gas prices and the impact of higher gas-cost-allowance recoveries in Alberta. Operating costs averaged \$5.38 per boe in the Quarter reflecting the Company's continued focus on operational efficiencies and maximization of volumes through existing facilities.

Progress recently entered into a series of hedges on a portion of its natural gas production buying puts on 30,000 gigajoule ("GJ") per day at a net floor of \$3.43 per GJ. The Company now has 60,000 GJ per day or approximately 22 percent of its natural gas production hedged at a net floor of approximately \$3.41 per GJ or approximately \$3.90 per mcf, based on Progress' high heat content gas, for the period from May 1, 2011 to October 31, 2011. The Company also entered into a series of AECO basis swaps on 40,000 million British Thermal Units ("mmbtu") per day for 2011 at a net differential of US\$0.50 per mmbtu and on 40,000 mmbtu per day for 2012 at a net differential of US\$0.62 per mmbtu.

Second Quarter Dividend and Dividend Reinvestment Program

The Board of Directors of Progress today announced that the second quarter eligible dividend will be maintained at \$0.10 per share. The eligible dividend will be payable on July 15, 2011 to common shareholders of record as of June 30, 2011. The ex-dividend date is expected to be June 28, 2011. Based on the May 6, 2011 closing share price on the Toronto Stock Exchange of \$12.52, this represents an annualized yield of 3.2 percent. The amount of future cash dividends, if any, is subject to the discretion of the Progress Board of Directors.

Progress has a dividend reinvestment plan (the "DRIP") that 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.

Outlook

Our 2011 capital program has been established at \$350 million and is expected to result in year-over-year production growth of approximately 13 percent. Production is expected to exit 2011 at between 50,000 and 52,000 boe per day, before the impact of dispositions. We have a current productive capability of approximately 46,000 boe per day with approximately 1,000 boe per day awaiting tie-in after break-up. Production in the second quarter is expected to average in the range of 39,000 to 40,000 boe per day as a result of the impact of the 21-day planned turn-around at the McMahon natural gas processing plant in Fort St. John in northeast British Columbia.

The focus of our capital program for the remainder of the year will be the continued advancement of our highly economic Montney pod developments. Our Montney developments have several advantages when compared to other areas within the Montney fairway. The natural gas we produce is sweet and therefore does not require expensive sour gas processing; we attract a deep drilling royalty credit of approximately \$2.1 million per well; and, we produce approximately 20 barrels per million cubic feet of high-value natural gas liquids. In aggregate, these factors, along with strong initial production rates and recoveries, place the North Montney among the most economic shale plays in North America.

Natural gas prices have strengthened through the early part of the second quarter of 2011, a period when prices are typically weak on a relative basis due to lower demand. We remain optimistic about the long-term prospects for natural gas in western Canada. We believe that, in addition to the Kitimat LNG development, other larger international parties are also considering LNG developments along the west coast of Canada. Although these potential projects are several years away from commencing, we believe that resource development in northeast British Columbia will enhance the value of this resource which will ultimately be able to access higher priced Asian markets.

Progress is well positioned to execute on its growth plans. We have a strong balance sheet with no bank debt as at the end of the Quarter and a new credit facility to provide certainty and flexibility for future program funding. As well, we have multiple levers from which to provide future capital, including further non-core asset dispositions and potential joint venture arrangements. We believe the Montney shale opportunity across our asset base provides our shareholders with a global scale opportunity, capable of delivering low-risk, long-term sustainable growth.

Consolidated Financial Statements and MD&A

First Quarter 2011 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.

Annual Meeting of Shareholders

Progress' Annual and Special Meeting of Shareholders is scheduled for Wednesday, May 11, 2011 at 3:30 p.m., Calgary time, at the Calgary Petroleum Club, 319-5th Avenue S.W. Calgary, Alberta.

For further information:

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	Three Months Ended March 31	
	2011	2010
FINANCIAL HIGHLIGHTS		
Income Statement (\$ thousands, except per share amounts)		
Petroleum and natural gas revenue	117,115	113,471
Cash flow ¹	63,320	46,803
Per share – diluted	0.29	0.28
Cash dividends declared ²	23,087	21,415
Per share	0.10	0.10
Balance Sheet (\$ thousands)		
Working capital deficiency	23,339	44,456
Bank debt	0	139,704
Convertible debentures	421,350	298,902
Total debt	444,689	482,432
Capital expenditures	140,191	120,773
Foothills Acquisition	-	387,703
Property Dispositions	(17,029)	-
OPERATIONAL HIGHLIGHTS		
Average Daily Production		
Natural gas (<i>mcf/d</i>)	233,488	178,993
Crude oil (<i>bbls/d</i>)	2,033	1,812
Natural gas liquids (<i>bbls/d</i>)	3,408	3,426
Total daily production (<i>boe/d</i>)	44,356	35,070
Average Realized Prices		
Natural gas (<i>\$/mcf</i>)	3.85	5.27
Crude oil (<i>\$/bbl</i>)	82.89	75.33
Natural gas liquids (<i>\$/bbl</i>)	67.85	52.68
Wells Drilled, Net	22.7	25.7

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

(2) The dividends declared include distributions and dividends that grantees are entitled to on the vesting of the Share Unit Plan, the Long Term Incentive Plan and the Performance Unit Incentive Plan.

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.