



Progress Energy's Town Area Montney Discovered-Petroleum- Initially-In-Place Assessed at 27 Tcf *Best Estimate Contingent Resource of 8 Tcf*

CALGARY, AB – September 12, 2011 – Progress Energy Resources Corp. (“Progress” or the “Company”) (TSX:PRQ) announced today that independent evaluators GLJ Petroleum Consultants (“GLJ”) recently completed an evaluation of the discovered-petroleum-initially-in-place (“DPIIP”) and Contingent Resources for the Montney formation in the Town area which represents a portion of the Company’s extensive northeast British Columbia Foothills land base. The report covers 217 net sections or 139,150 net acres of Progress lands in the Foothills of northeast British Columbia (the “Evaluated Area”). The Evaluated Area represents just 22 percent of Progress’ Montney land base in the Foothills and approximately 17 percent of the Company’s entire Montney land base. The Town area includes the Company’s properties at Town South, Town North and Gundy.

All GLJ estimates of DPIIP and Contingent Resource are as at August 31, 2011 and based on GLJ forecast pricing as at July 2011 and have been prepared in accordance with the Canadian Oil and Gas Evaluation Handbook. There is no certainty that it will be commercially viable to produce any of the resources. The key findings of the report are as follows:

- The estimate of DPIIP for the Evaluated Area is 27.3 trillion cubic feet (“Tcf”) or approximately 126 billion cubic feet (“Bcf”) per section on average;
- The best estimate of the Contingent Resource for the Evaluated Area was 8.1 Tcf, with the high case estimate being 10.2 Tcf and the low case estimate being 5.4 Tcf;
- Progress previously reported that included in its 2010 year-end reserve evaluation, completed by GLJ with an effective date of December 31, 2010, were proved plus probable Montney reserves of approximately 0.6 Tcf gas equivalent;
- The net present value, reflecting the recovery of capital costs using a 8% discount rate, of the best estimate of Contingent Resources is \$8.6 billion, equivalent to approximately \$37 per share;

“This evaluation further validates the scope and scale of the North Montney resource,” said Michael Culbert, President and CEO of Progress. “The North Montney is quickly becoming recognized as a premier area within the Montney fairway. The economics for drilling in this area are healthy given the strong production rates, sweet gas and the inclusion of high value natural gas liquids. As well, our horizontal wells typically qualify for the British Columbia deep drilling royalty credit of approximately \$2 million per well.”

DPIIP is the quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. DPIIP is typically broken down into four components including production, reserves, contingent resource and discovered unrecoverable petroleum initially in place. Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political and regulatory matters, or a lack of markets. It is also appropriate to classify as Contingent Resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage. The primary contingency which prevents the classification of the Contingent Resources as reserves is the current early stage of development. Additional drilling, completion, and testing data is generally required before Progress can commit to their development. As additional drilling takes place, it is expected that the Contingent Resources will be booked as reserves. Estimates of DPIIP and Contingent Resources described herein are estimates only; the actual resources may be higher or lower than those calculated in the independent evaluation. There is no certainty that the resources described in the evaluation will be commercially produced.

The best estimate of the Contingent Resource for the Evaluated Area is 8.1 Tcf. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability (P_{50}) that the quantities actually recovered will be equal or exceed the best estimate. The low case estimate of 5.4 Tcf is considered to be a conservative estimate of the quantity that will actually be recovered. It is likely that the actual remaining quantities will exceed the low estimate. If probabilistic methods are used, there should be at least a 90 percent probability (P_{90}) that the quantities actually recovered will be equal or exceed the low estimate. The high case estimate of 10.2 Tcf is considered to be an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10 percent probability (P_{10}) that the quantities actually recovered will be equal or exceed the high estimate. The remainder of the DPIIP beyond what has been cumulatively produced, classified as proved plus probable plus possible reserves, or classified as Contingent Resource is currently considered to be the unrecoverable portion.

The North Montney – Progress Stronghold

Progress has accumulated the industry's largest Montney land position at more than 1,250 net sections, or approximately 825,000 net acres. The Montney is defined by an over pressured fairway extending almost 600 kilometers from northwest Alberta through northeast British Columbia. The play has evolved from the southeast to northwest, with Progress being a first mover in the North Montney, where the Company holds approximately 975 net sections or 624,000 net acres of largely contiguous Montney rights. Outside of the Evaluated Area, Progress holds approximately 760 net sections or 500,000 net acres of additional North Montney land including approximately 75,000 net acres as part of the North Montney Joint Venture with PETRONAS, the Malaysian national oil company. The economics of the North Montney have been recognized as top tier amongst all Montney areas, while also comparing favourably with the best shale plays in all of North America. As a result of the robust economics, Progress is directing approximately 75 percent of the Company's 2011 capital spending towards the North Montney where Progress is considered a leading player. The findings of the resource report confirm that Progress' lands contain sufficient resource to underpin the Company's 5-year goal of doubling production and reserves.

	Low	Best	High
DPIIP and Contingent Resources	Est.	Est.	Est.
DPIIP (gross raw Bcf) ⁽¹⁾	28,372	28,372	28,372
Contingent Res. (gross raw Bcf)	5,622	8,512	10,706
DPIIP (W.I. raw Bcf)	27,251	27,251	27,251
Contingent Res. (W.I. raw Bcf) ⁽²⁾	5,397	8,148	10,243
Economic Contingent Res. (W.I. Sales Bcf) ⁽³⁾	4,965	7,496	9,341
Unrecoverable DPIIP (W.I. raw Bcf)	21,658	18,709	16,519

Notes:

⁽¹⁾ DPIIP has been estimated using a zero percent porosity cutoff which means that all gas bearing pay has been included in the calculation. Using a 3% cutoff, the DPIIP would be 24,820 Bcf (gross raw) and 23,811 Bcf (W.I. raw). The Contingent Resources would be unchanged.

⁽²⁾ Contingent Resources do not include cumulative production from the wells in the area of the study or reserves that were booked by GLJ in the year-end 2010 evaluation.

⁽³⁾ Economic Contingent Resources are lower than Contingent Resources primarily due to gas shrinkage.

BEFORE TAX NET PRESENT VALUE OF CONTINGENT RESOURCES			
(MM\$)	0%	8%	10%
Low Estimate	25,350	5,941	4,276
Best Estimate	44,468	8,569	6,031
High Estimate	59,147	10,489	7,351

Notes:

⁽¹⁾ The net present values of Contingent Resources have been estimated by GLJ Petroleum Consultants using July 2011 GLJ pricing and an effective date of August 31, 2011.

⁽²⁾ Estimated values disclosed do not represent fair market value

⁽³⁾ Net Present Value is the sum of the cash inflows and the cash outflows of a project, discounted to reflect present values. The net present value per share reported herein was calculated using the number of shares outstanding as at June 30th, 2011, equivalent to 230.5MM

About Progress Energy

Progress is a Calgary, Canada-based energy company focused on exploration, development and production of large, unconventional natural gas resources in northeast British Columbia and northwest Alberta. Throughout its history, Progress has a solid track record of growing reserves, production and the underlying value of the Company for its shareholders. Common shares of Progress are listed on the Toronto Stock Exchange under the symbol PRQ.

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Advisory on Future Oriented Information

This news release contains certain forward-looking information and statements 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", "strategy" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this news release contains forward-looking information and statements pertaining to the following: the estimated volumes and value of Progress' resources; the economics for drilling in Progress' North Montney area; anticipated royalty drilling credits; the allocation of Progress' anticipated 2011 capital spending budget; and Progress' business strategy, priorities and plans.

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 credits, royalty rates and tax laws; the performance of existing wells; the success obtained in drilling new wells; the accuracy of the estimates of Progress' resource volumes and values; the sufficiency of budgeted capital expenditures in carrying out planned activities; completion of definitive documentation; receipt of all required regulatory approvals; and the availability and cost of labour and services and future operating costs. There are a number of assumptions associated with the development of the lands and resources in Progress' Town area, including the quality of the Montney reservoir, continued performance from existing wells, future drilling programs and performance from new wells, the growth of infrastructure, well density per section, recovery factors and development. 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 early stage of development of the resources in the Evaluated Area; the potential for variation in the quality of the Montney formation, the uncertainty of estimates and projections relating to test rates, 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; and 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. 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

INFORMATION REGARDING DISCLOSURE ON OIL AND GAS RESOURCES

All amounts in this news release are stated in Canadian dollars unless otherwise specified. Where applicable, oil has been converted to gas equivalent ("BcfGE") by converting oil to gas in the ratio of one barrel of oil to six thousand cubic feet of gas (1 bbl:6 Mcf). The mcfe rate is based on an energy equivalent conversion method primarily applicable at the burner tip and does not represent a value equivalent at the wellhead. Use of BcfGE in isolation may be misleading.

This news release contains references to estimates of petroleum classified as DPIIP in the Town area in British Columbia which are not, and should not be confused with, oil and gas reserves. DPIIP is defined in the Canadian Oil and Gas Evaluation Handbook as the quantity of hydrocarbons that are estimated to be in place within a known accumulation prior to production. DPIIP is divided into recoverable and unrecoverable portions, with the estimated future recoverable portion classified as reserves and contingent resources and the remainder as at evaluation date is by definition classified as unrecoverable. There is no certainty that it will be economically viable to produce any portion of the resources.

Projects have not been defined to develop the resources in the Evaluated Area as at the evaluation date. Such projects have historically been developed over a number of drilling seasons and are subject to annual budget constraints, Progress' policy of orderly development on a staged basis, the timing of the growth of third party infrastructure, the short and long-term view of Progress on gas prices, the results of exploration and development activities of Progress and others in the area and possible infrastructure capacity constraints.

Progress' belief that it will establish significant additional reserves over time is a forward looking statement and is based on certain assumptions and is subject to certain risks, as discussed above under the heading "Advisory on Future Oriented Information".