



Progress Energy Announces 2012 Budget

Capital investment focused on North Montney growth

Calgary, October 31, 2011 (TSX – PRQ) – Progress Energy Resources Corp. (“Progress” or the “Company”) announced, in advance of its Annual Investor Day, that it plans to invest approximately \$465 million in 2012 to continue the development of its North Montney resource base, initiate the first phases of development on its joint venture lands with PETRONAS, and pursue its light oil opportunities in the Deep Basin.

“In 2011 we executed on a number of key initiatives that have strengthened our balance sheet while attracting a strong joint venture partner, PETRONAS, to accelerate development of our North Montney assets and provide expertise in LNG development and market access,” said Michael Culbert, President and Chief Executive Officer of Progress. “The focus of our 2012 capital program will continue to be on our North Montney resource base and expansion of our light oil play in the Deep Basin.”

2012 Capital Program

For 2012, Progress will have a capital investment program of approximately \$800 million including the North Montney Joint Venture (“NMJV”) or \$465 million net to the Company. Approximately \$380 million will be invested in Progress’ North Montney program, \$50 million in the NMJV, including capital for the detailed feasibility study of the LNG project, and \$35 million in the Deep Basin targeting the Company’s Dunvegan light oil play. The Company anticipates drilling approximately 35 to 40 horizontals on existing development pods with another six to eight wells targeting delineation drilling on its vast North Montney land holdings. Approximately 25 to 30 gross wells are planned for the Company’s NMJV lands. In the Company’s emerging Dunvegan light oil play, six to eight wells are expected to be drilled.

Ten Montney Development Pods

- Town South – The 50 million cubic feet per day (“mmcf”) facility is operating at capacity and enters into its maintenance phase heading into 2012. The last of the Gundy area wells, which were feeding into this facility, will be directed to the new Gundy facility and a further seven to nine wells will be drilled in 2012 at Town South;
- Kobes – An expansion of the Progress operated gas processing facility will be undertaken in 2012 to bring capacity to 50 mmcf per day. Four to five wells are planned for 2012;
- Town North – An additional two wells are planned for 2012 to fill the existing 25 mmcf per day processing facility;
- Gundy – The gas processing facility is being expanded to 50 mmcf per day and eight to eleven wells are planned for 2012;
- West Gundy – The Company’s newest pod development is on a 20 section, 100 percent working interest block of land adjacent to Progress’ Kobes pod. Plans for 2012 are to drill eight to twelve wells in this area and construct a 25 mmcf per day facility in the first quarter.;
- Caribou – The third horizontal in this area will be completed with plans to move to full development in 2013;

- Nig – This partner operated pod development is 25 kilometers to the east of Town and currently has one tested horizontal with three additional wells to be completed by the first quarter of 2012; and,
- North Montney Joint Venture – 25 to 30 wells will be drilled at Altares, Lily and Kahta in 2012.

Production Targets

Progress expects to average 50,000 to 52,000 boe per day for 2012 and exit at approximately 58,000 to 60,000 boe per day, implying growth of approximately 15 to 20 percent on a per share basis.

Building Long-term Underlying Value

Over the past 10 years, we have established an enviable asset base in two of the premier natural gas plays in North America. We have amassed large contiguous land blocks in both the Foothills and Deep Basin regions, both capable of generating strong returns on invested capital in the current natural gas price environment. As we have built our asset position, we have concentrated on maintaining high working interests and operatorship which allow us to control the cost and the pace of development. As well, our balance sheet has strengthened substantially over the past year providing the flexibility to advance our resource opportunities and add long-term value for shareholders.

Investor Day

Progress Energy will be hosting its Annual Investor Day on Tuesday, November 1, 2011 in Calgary and on Wednesday, November 2, 2011 in Toronto. The Calgary event will be webcast and interested investors may listen in using the following link to the slides and presentations. Presentations will begin each day at 8:30 a.m. local time.

Event URL: <http://event.on24.com/r.htm?e=374091&s=1&k=B88CC7438A5C8FAC6E71B08D126B5923>

Progress is a Calgary based, 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.

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Forward Looking Statement Advisory

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", "implies", 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 effect of the development pods on the Company's natural gas production and reserve base over the next five years; the pace of capital investment; the focus of capital expenditures, the timing of capital spending and the results therefrom; the focus of the Company's exploration and development efforts; expected capital spending program; potential capital investment opportunities; potential drilling inventory; test rates; expected sources of funding for capital program in the first half of 2011; Progress' planned asset disposition program including the timing thereof and the use of proceeds received therefrom; Prog2012, estimated 2011 exit production rate, 2012 average and exit rate production; potential drilling credits and the advantages to be received therefrom; effect of capital expenditures on production; growth potential and rates of return of Progress' assets; pace of development; projections of future land holdings; and future drilling plans and programs, the timing thereof and the results therefrom.

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; future well production rates; test rates and 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 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 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; 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. 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.