



NEWS RELEASE

Progress Announces Third Quarter Results

North Montney continues to drive new era of growth

Calgary, October 27, 2011 (TSX – PRQ) – Progress Energy Resources Corp. (“Progress” or the “Company”) announced results for the three months ended September 30, 2011 (the “Quarter”). The Quarter was highlighted by the closing of the transaction to create a strategic partnership with PETRONAS. Also in the Quarter, Progress released the results of an independent evaluation of the discovered-petroleum-initially-in-place (“DPIIP”) and Contingent Resources for 22 percent of the Company’s Montney land base (the “Evaluated Area”).

“We have set out to establish Progress as a premier investment in the natural gas business,” said Michael Culbert, President and Chief Executive Officer of Progress. “The study completed by our independent reserve evaluator affirms the scope and scale of our North Montney asset while our partnership with PETRONAS provides the capital required to continue to delineate our resource base and position us for long-term growth.”

Highlights

- On August 2, 2011, closed the \$1.07 billion strategic partnership transaction with PETRONAS, with Progress receiving 25 percent of the total consideration (\$267.5 million) in cash and 75 percent (\$802.5 million) in the form of a capital carry;
- On September 12, 2011 announced the results of an independent evaluation of DPIIP and Contingent Resource for 139,150 net acres of Progress lands in the Town area of the Foothills of British Columbia, with DPIIP estimated at 27.3 trillion cubic feet (“Tcf”) and best estimate of Contingent Resource of 8.1 Tcf. The net present value, reflecting the recovery of capital costs using an eight percent discount rate, of the best estimate of Contingent Resources is \$8.6 billion;
- Drilled a total of 13 wells (11.8 net) in the Quarter of which 12 (10.8 net) were Montney horizontals. Six wells (5.3 net) of the drilled wells were brought on stream in the Quarter and the balance will be brought on stream before year end. The wells were primarily drilled in five of the Company’s Montney development pods at Town South, Town North, Gundy, Kobes, and Caribou;
- Entered into multi-year agreements with Spectra Energy Corp. to provide a total of 370 million cubic feet (“mmcf”) per day of gathering and processing services to support Progress’ Montney growth plans in northeast British Columbia;
- Produced 42,937 barrels of oil equivalent (“boe”) per day in the Quarter. Unplanned outages at major gas processing facilities and the shutting in of adjacent Montney wells during completion operations impacted production by approximately 1,000 boe per day in the Quarter;
- Generated cash flow of \$51.6 million in the Quarter or \$0.22 per share, diluted; and,
- As at September 30, 2011, Progress was undrawn on its \$650 million covenant-based credit facility and had a working capital surplus of \$90 million.

North Montney Program Update

Progress has built the industry's largest Montney land position at over 1,250 net sections, or approximately 825,000 net acres, spanning 560 kilometers from northwest Alberta to northeast British Columbia. The primary focus of the Company's North Montney program remains in the Foothills of northeast British Columbia where Progress holds approximately 625,000 net acres of largely contiguous Montney rights. Progress continues to pursue the strategic plan set out in November 2010 of doubling its production base over the next five years by developing multiple 50 mmcf per day development pods. Approximately 75 percent of the Company's capital spending in 2011 has been directed towards the Montney. Drilling plans will be focused on Progress' development pods for the remainder of 2011, including 10 horizontals in the fourth quarter. Progress is currently producing more than 80 mmcf per day, net, from the North Montney area. Progress' North Montney wells have the advantage of receiving a deep drilling royalty credit of approximately \$2 million per well and additionally, produce approximately 20 barrels of high value natural gas liquids per million cubic feet of gas produced, which is in line with the Company's overall corporate average for natural gas liquids produced.

During the quarter, at the Town South development pod (100 percent working interest), Progress drilled two horizontal wells targeting the upper and lower Montney. Town South has reached its 50 mmcf per day production target and will now evolve to a maintenance phase which implies the annual drilling of approximately six horizontal wells per year to sustain volumes at 50 mmcf per day.

Also in the Quarter, at Gundy (100 percent working interest), Progress drilled four horizontal wells, one targeting the lower Montney and three the upper Montney. These wells were completed with an average rate of 5.3 mmcf per day. To accommodate the additional volumes, the Gundy processing facility, which is currently on stream at 25 mmcf per day, will be expanded to 50 mmcf per day during the fourth quarter of 2011.

At the Town North pod development (100 percent working interest), Progress drilled and completed one horizontal well targeting the upper Montney. Progress now has seven producing horizontals in Town North area, with both the upper and lower Montney being productive. Town North's first 25 mmcf per day processing facility was brought on stream early in the second quarter of 2011.

At Caribou (100 percent working interest), Progress drilled one horizontal well in the Quarter targeting the lower Montney which will be completed in the fourth quarter. A third well will be drilled in the fourth quarter. These wells will utilize existing infrastructure, with a new Montney facility expected to be constructed in 2013.

At the Kobes development pod (30 percent working interest), Progress completed two horizontal wells with initial production averaging 8.9 mmcf per day each from the two wells. As at quarter end, the Kobes pod was producing approximately 10 mmcf per day net to Progress. Progress operates the northern portion of the Kobes development, while the southern area is partner operated.

At Nig (50 percent working interest), approximately 25 kilometers east of Town, a horizontal well was drilled in the upper Montney and is currently being completed. The first horizontal in this area tested 4.6 mmcf per day and is expected to be on-stream within a month.

In the Bubbles/Jedney area (100 per cent working interest), Progress continued delineation work on its North Montney lands, drilling one vertical well in the Quarter. The well tested both the upper and lower Montney with initial test rates of 1.7 mmcf per day. The Company holds approximately 60,000 net acres of undeveloped land in the Bubbles/Jedney area, located 25 kilometers northeast of the Town area, with plans for a first horizontal well in 2012.

Deep Basin of Northwest Alberta

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. Of note, Progress holds 140,000 net Montney acres in the Deep Basin where the pace of industry activity is increasing.

Progress focused its Deep Basin gas drilling program in the first quarter of 2011 to benefit from the Alberta Drilling Royalty Credit Program which ended on March 31, 2011. The Company maintains a large inventory of liquids-rich natural gas drilling locations but will focus its Deep Basin capital investment for the remainder of 2011 on its growing light oil opportunities.

Progress has identified more than 50 net light oil horizontal locations on its acreage position in the Deep Basin, where the Company has deeper natural gas production. In addition, the Company is evaluating another 20 net prospective sections, or approximately 13,000 net acres of land within the Deep Basin. The Dunvegan formation is a pervasive package of stacked marine and fluvial Cretaceous sands ranging in thickness from one meter units to over 25 meters of reservoir. Detailed in-house geologic mapping of over 100 kilometers has illustrated several productive fairways across the Company's lands where it has previously drilled deeper gas tests. Progress has drilled and completed three horizontal Dunvegan wells since the fourth quarter of 2010, with first month average production of 300 boe per day for each well. A further three wells, at an all-in cost of \$4 million per well, are planned to be drilled in 2011 with plans for an increased drilling program in 2012.

PETRONAS Strategic Partnership

During the Quarter, Progress closed the transaction to create a strategic partnership with the Malaysian national oil and gas company, PETRONAS, to develop a portion of Progress' Montney assets in the Foothills of northeast British Columbia. Progress sold a 50 percent working interest in its Altares, Lily, and Kahta properties (the "North Montney Joint Venture") to PETRONAS for CDN\$1.07 billion in cash and carried interest. As well, the partners will explore opportunities to develop liquefied natural gas ("LNG") export capacity in British Columbia ("the LNG Export Joint Venture"). Progress received 25 percent of the total consideration (CDN\$267.5 million) in cash at closing. The remaining \$802.5 million will be in the form of a capital carry whereby PETRONAS will fund 75 percent of Progress' 50 percent interest.

Three rigs will be operating on the North Montney Joint Venture properties in the fourth quarter. The LNG Export Joint Venture has selected an engineering firm to undertake the technical detailed feasibility as well as initiate the site selection process.

DPIIP Evaluation – Validating the Scope and Scale of the North Montney

In the Quarter Progress announced the results of an independent evaluation of 217 net sections or 139,150 net acres of land in the Foothills of northeast British Columbia (the "Evaluated Area"). The Evaluated area includes the Company's three pod developments at Town South, Town North, and Gundy. The estimate of DPIIP for the Evaluated Area is 27.3 Tcf or approximately 126 billion cubic feet ("Bcf") per section on average. The best estimate of the Contingent Resource for the Evaluated Area is 8.1 Tcf, with a high case estimate of 10.2 Tcf and a low case of 5.4 Tcf. The net present value, reflecting the recovery of capital costs using an eight percent discount rate, of the best estimate of Contingent Resources is \$8.6 billion.

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.

Financial Strength

In 2011, Progress has taken considerable steps to ensure that the Company can fund its capital program in the near and long term. 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. The successful closing of the PETRONAS strategic partnership provided \$267.5 million in cash, further strengthening the Company's balance sheet.

In the second quarter of 2011 the Company renegotiated 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 at September 30, 2011, the Company was undrawn on its \$650 million revolving credit facility and had a working capital surplus of \$90 million. During the Quarter, the 6.25 percent convertible debenture was settled in cash for \$75 million. 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 and the strategic partnership with PETRONAS will provide increased flexibility to fund the Company's strategic plan.

Cash flow for the Quarter was \$51.6 million or \$0.22 per share, diluted. Capital investment was \$113.8 million. Debt-to-total capitalization as at September 30, 2011 was eight percent. Progress' average gas price in the Quarter was \$3.73 per thousand cubic feet ("mcf"). The Company's high heat content gas stream achieves a premium to AECO prices. Royalty rates averaged 12.3 percent in the Quarter which was lower than the same period in 2010 due to the higher proportion of Montney production which benefits from the British Columbia Deep Well Credit Program. Operating costs averaged \$5.56 per boe, or \$0.93 per mcf, in the Quarter reflecting the Company's continued focus on operational efficiencies and maximization of volumes through existing facilities.

In the first half of 2011, Progress 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.

Investor Day

Progress will be holding its 2nd Annual Investor Day from 8:30 a.m. to noon on Tuesday, November 1, 2011 at the Westin Hotel in Calgary, Alberta and on Wednesday, November 2, 2011 at the Royal York Hotel in Toronto. Institutional investors interested in attending either session are asked to contact Kurtis Barrett at kbarrett@progressenergy.com or at 403-539-1843 or Kim Lewis at klewis@progressenergy.com or at 403-539-1801.

Fourth Quarter Dividend and Dividend Reinvestment Program

The Board of Directors of Progress today announced that the fourth quarter eligible dividend will be maintained at \$0.10 per share. The eligible dividend will be payable on January 16, 2012 to common shareholders of record as of December 31, 2011. The ex-dividend date is expected to be December 28, 2011. Based on the October 26, 2011 closing share price on the Toronto Stock Exchange of \$14.66, this represents an annualized yield of approximately 2.7 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. U.S. residents may not participate in the DRIP program.

Outlook

With a large number of wells completed and expected to come on stream during the fourth quarter, we are on track to exit 2011 at our previously announced guidance of approximately 50,000 boe per day. Achieving the exit rate will result in year-over-year production growth of approximately 15 percent.

As a result of incremental land acquisitions, infrastructure investments and the commencement of the North Montney Joint Venture activities, the 2011 capital program has been expanded to \$400 million.

The focus of our capital program for the remainder of the year will be the continued advancement of our highly economic Montney pod developments at Town South, Town North, Gundy, and Kobes. Additionally, activity on our North Montney Joint Venture lands in the Altares, Lily and Kahta will continue to increase as we enter this winter. We will continue to take advantage of the factors that make the North Montney attractive; 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 million per well; and, we produce approximately 20 barrels per million cubic feet of high-value natural gas liquids. Along with our experience in the area, continued improvement of drilling and completions technologies and strong initial production rates and recoveries, we are well positioned to deliver value for shareholders.

Along with the majority of other global commodities, North American natural gas prices weakened in the Quarter, as concerns about slowing economic growth weighed on markets. Comparatively, landed LNG prices in Japan rose approximately 20 percent in the Quarter to settle above USD\$17 per mmbtu. We remain optimistic about the long-term prospects for natural gas in North America. The partnership that we have established with PETRONAS, a global leader in LNG development and marketing, may provide Progress with the opportunity to gain direct exposure to Asian pricing, which would be unique amongst our peer group. The recent announcements, by the province of British Columbia, to grow a viable LNG industry is further evidence of momentum building for the large scale development of LNG facilities on the West Coast.

With a strong balance sheet, access to capital, a strong joint venture partner and large contiguous land positions in attractive plays, we are well positioned to execute on our strategic growth plan to reach 100,000 boe per day by the end of 2015.

Consolidated Financial Statements and MD&A

Third 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.

For further information:

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	Three Months Ended September 30		Nine Months Ended September 30	
	2011	2010	2011	2010
FINANCIAL HIGHLIGHTS				
Income Statement (\$ thousands, except per share amounts)				
Petroleum and natural gas revenue	114,037	105,305	348,492	334,635
Cash flow ¹	51,563	45,094	169,503	143,112
Per share – diluted ²	0.22	0.21	0.74	0.72
Cash dividends declared ³	23,395	22,886	69,666	66,246
Per share	0.10	0.10	0.30	0.30
Balance Sheet (\$ thousands)				
Working capital deficiency (surplus)	(89,702)	58,929	(89,702)	58,929
Bank debt	-	218,133	-	218,133
Convertible debentures	353,100	247,355	353,100	247,355
Total debt	263,398	524,417	263,398	524,417
Capital expenditures	113,759	108,380	300,136	267,414
OPERATIONAL HIGHLIGHTS				
Average Daily Production				
Natural gas (<i>mcf/d</i>)	224,629	222,540	222,407	209,637
Crude oil (<i>bbls/d</i>)	2,037	1,872	2,064	1,900
Natural gas liquids (<i>bbls/d</i>)	3,462	3,373	3,539	3,496
Total daily production (<i>boe/d</i>)	42,937	42,335	42,671	40,335
Average Realized Prices				
Natural gas (<i>\$/mcf</i>)	3.73	3.78	3.83	4.29
Crude oil (<i>\$/bbl</i>)	89.99	69.79	90.85	72.66
Natural gas liquids (<i>\$/bbl</i>)	61.27	51.35	65.23	53.56
Wells Drilled, Net	12.0	20.2	36.5	48.6

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

(2) For the three months ended September 30, 2011 the Debentures are dilutive for earnings per share but anti-dilutive for cash flow per share. For the cash flow per share amount, the dilutive number of shares is 232,358,650.

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