



Progress Energy - Strong Operational Results

North Montney growth drives exit production to 50,000 boe per day

Calgary, January 9, 2012 (TSX – PRQ) – Progress Energy Resources Corp. (“Progress” or the “Company”) continues to deliver strong operational results from its capital investment program. Focused investment in the North Montney unconventional shales in northeast British Columbia has resulted in the Company achieving its production goal of exiting 2011 at 50,000 boe per day, 11 percent higher than its 2010 exit rate. Progress is targeting to exit 2012 at approximately 60,000 boe per day or approximately 20 percent higher than 2011. Currently the Company has seven drilling rigs operating with three on its North Montney acreage, three on its North Montney Joint Venture (“NMJV”) with PETRONAS and one pursuing its Dunvegan light oil play in Alberta.

Progress is currently producing approximately 130 million cubic feet (“mmcf”) per day from the North Montney which represents a doubling of Montney production over the past year. The Company currently has ten North Montney pods at various stages of development in the Foothills of northeast British Columbia, each targeting production of 50 mmcf per day. Progress holds approximately 625,000 net acres of Montney rights in the North Montney and approximately 825,000 net acres of Montney rights over its entire land base, making it one of the largest Montney land rights holders in the entire fairway.

North Montney Development Pods

The Company’s most mature development is at Town South where Progress drilled its first Montney horizontal well less than three years ago. Since that time, the Company has drilled 21 horizontal wells successfully targeting the Upper and Lower Montney. The Company anticipates drilling approximately six to seven wells per year to maintain production at 50 mmcf per day. The Town South wells have consistently produced between 15 to 20 barrels per million cubic feet of high value liquids and, when combined with the British Columbia deep drilling royalty credit of approximately \$2 million per well, the well economics for production in the North Montney remain attractive.

Total capital investment of \$415 million in 2012, including approximately \$40 million in the Deep Basin, will see the Company advance its North Montney development pods

at Gundy, West Gundy, Kobes, and Town North, while further delineating across the Company's industry leading North Montney land base.

At Gundy (100 percent working interest), the 50 mmcf per day facility constructed in 2011 is currently processing approximately 40 mmcf per day from ten producing horizontals and with the construction of a 16 inch sales line to the Spectra Highway Plant, liquid production has increased to approximately 30 barrels per mmcf due to enhanced liquids recovery. Both the Upper and Lower Montney were successfully tested and are on production in the area. A Middle Montney test will be completed in 2012. A further eight to eleven locations are planned for 2012 which will see production at the Gundy pod exceed 50 mmcf per day. At current well performance rates, multiple zone success and higher liquids yield, further expansion of the Gundy facility may be undertaken in 2012.

The first horizontal at the West Gundy development pod (100 percent working interest), tested over 11 mmcf per day, and continues to produce at a restricted rate of 6 mmcf per day. Four additional wells and a 25 mmcf per day facility are planned for the first quarter of 2012. An additional four to eight wells along with an expansion of the West Gundy facility to 50 mmcf per day is under consideration for the second half of 2012.

At the Kobes development pod (30 percent working interest), the company has seven producing horizontals with plans to drill four locations in the northern portion of the development which is Company operated. The 2012 wells will fill an expanded 50 mmcf per day Progress operated facility that is to be completed in the third quarter of 2012.

At Town North (100 percent working interest), Progress has eight producing horizontals and two wells currently being completed, with both the Upper and Lower Montney productive in the area. Two additional locations are planned for 2012, with the additional volumes being accommodated by the 25 mmcf per day Town North facility that was brought on stream in the second quarter of 2011.

Progress holds a further 350,000 net acres of North Montney rights that fall outside of the currently defined development pods and the NMJV. The Company plans to drill seven to nine wells in 2012, in the Greater Caribou, Bubbles and Blueberry areas in order to further delineate its land position and define additional pods in the North Montney.

North Montney Joint Venture

Progress and PETRONAS established a joint venture in 2011 whereby PETRONAS acquired a 50 percent working interest in three land blocks in the North Montney encompassing approximately 150,000 acres (gross) at Altares, Lily and Kahta for \$1.07

billion. PETRONAS paid \$267.5 million in cash at closing and the remaining \$802.5 million will be in the form of a capital carry where PETRONAS will pay 75 percent of Progress' 50 percent working interest. Additionally, the partners are exploring the potential to develop liquefied natural gas ("LNG") export capacity on the west coast of British Columbia ("the LNG Export Joint Venture").

For 2012, the partners anticipate investing approximately \$341 million gross and \$47 million net to Progress on the NMJV acreage. At present, three drilling rigs are operating on the NMJV acreage and the partners are shooting expansive 3D seismic as well as working on facility and pipeline construction. The partners plan to drill 23 to 29 horizontal wells in 2012 on the NMJV lands along with four compressor stations, a 50 mmcf per day refrigeration facility at Altares and associated pipelines.

With respect to the LNG Export Joint Venture, the partners are currently in the detailed feasibility study ("DFS") phase of the project. This involves a detailed technical assessment, site selection, commercial evaluation and permitting and regulatory identification. The DFS phase is expected to be completed in the third quarter of 2012.

Dunvegan Light Oil Play

The Company also continues to pursue its Dunvegan light oil play in the Deep Basin of northwest Alberta. The Company's first Dunvegan well, a 2,750 meter horizontal test, produced an average of 250 boe per day of 40° API light oil over a 30 day test period and is still producing over 85 boe per day after thirteen months of operation. Progress' second well expanded the play 39 kilometers to the northwest from the original test. The second well produced an average of 355 boe per day over the first 30 days and continues to produce over 270 boe per day after eight months of production. The Company's third test was placed on production in the third quarter of 2011 and averaged 340 boe per day for the first month and continues to produce 170 boe per day after six months of production. Two additional wells were drilled in the fourth quarter of 2011 and are currently in various stages of completion. Three additional wells will be drilled in the first quarter of 2012. Progress currently has a drill ready inventory of over 50 wells in the play.

Year-end 2011 Results

Progress will release its fourth quarter and year-end 2011 financial and operating results, after market close, on Thursday, March 1, 2012.

Progress is a Calgary based energy company primarily focused on natural gas exploration, development and production in northeast British Columbia and northwest Alberta. 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 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 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; expected capital spending on the North Montney Joint Venture; potential drilling inventory; test rates; expected sources of funding for capital program in 2012; Progress' estimated 2011 exit production rate and forecast 2012 exit production rate; 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.