



Progress Energy Resources Announces Closing of \$200 Million Public Offering of Convertible Debentures

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Calgary, October 23, 2009 (TSX – PRQ) Progress Energy Resources Corp. ("Progress" or the "Company") today announced the closing of its previously announced "bought deal" financing (the "Offering"). At closing, \$200,000,000 principal amount of 5.25% convertible unsecured subordinated debentures (the "Debentures") were issued. The Offering was underwritten by a syndicate of underwriters led by BMO Capital Markets and including Scotia Capital Inc., CIBC World Markets Inc., Cormark Securities Inc., FirstEnergy Capital Corp., Peters & Co. Limited, RBC Capital Markets, Canaccord Capital Corporation, National Bank Financial Inc., Macquarie Capital Markets Canada Ltd., GMP Securities L.P. and Raymond James Ltd.

The convertible debentures will mature on October 31, 2014 (the "Maturity Date") and will accrue interest at the rate of 5.25% per annum payable on a semi-annual basis. At the holder's option, the Debenture may be converted into common shares of the Company at any time prior to the close of business on the earlier of the maturity date and the business day immediately preceding the date specified by the Company for redemption of the Debentures. The conversion price will be \$18.00 for each common share, subject to adjustment in certain circumstances.

The Debentures will not be redeemable by the Company on or before October 31, 2012. Subsequent to October 31, 2012 through to the Maturity Date, Progress may, at its option, redeem the Debentures, in whole or in part, at a price equal to the principal amount plus accrued and unpaid interest provided that the weighted average trading price of the common shares on the Toronto Stock Exchange ("TSX") during a specified period prior to redemption is not less than 125% of the conversion price.

Progress will initially use the net proceeds of the Offering to partially repay outstanding indebtedness under the Company's credit facilities, thereby freeing up borrowing capacity to fund a portion of the Company's exploration and development program and for general corporate purposes.

The Debentures are listed and posted for trading on the TSX under the symbol "PRQ.DB.B".

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 TSX under the symbol PRQ.

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Advisory Regarding Forward-Looking Statements

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 "may", "will", "subject to" 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 use of proceeds of the Offering, terms and conditions of the Debentures, timing of conversion and maturity of the Debentures, the timing of capital spending and the results therefrom.

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 risk that the board of directors of Progress determines that it would be in the best interests of the Company to deploy the proceeds of the Offering for some other purpose; 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.