

Progress Announces Second Quarter Results

Montney program on track

	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	2010	2009
FINANCIAL HIGHLIGHTS				
Income Statement (\$ thousands, except per share amounts)				
Petroleum and natural gas revenue	115,859	77,031	229,330	179,691
Cash flow ¹	51,240	29,956	99,941	98,723
Per share – diluted	0.24	0.18	0.52	0.63
Cash dividends declared	21,333	17,611	42,634	34,746
Per share	0.10	0.10	0.20	0.20
Balance Sheet (\$ thousands)				
Working capital deficiency (surplus)	18,087	(8,696)	18,087	(8,696)
Bank debt	178,384	429,944	178,384	429,944
Convertible debentures	245,405	126,002	245,405	126,002
Total debt	441,876	547,250	441,876	547,250
Capital expenditures	36,642	12,094	157,415	110,017
Plan of Arrangement ²	-	428	-	663,087
Asset Acquisition ³	(376)	-	389,233	-
Asset Disposition ⁴	(42,854)	-	(42,854)	-
OPERATIONAL HIGHLIGHTS				
Average Daily Production				
Natural gas (mcf/d)	226,898	174,472	203,078	174,503
Crude oil (bbls/d)	2,014	2,121	1,914	2,136
Natural gas liquids (bbls/d)	3,690	2,617	3,559	2,275
Total daily production (boe/d)	43,520	33,817	39,319	33,495
Average Realized Prices				
Natural gas (\$/mcf)	4.03	3.62	4.57	4.57
Crude oil (\$/bbl)	72.97	56.15	74.09	50.32
Natural gas liquids (\$/bbl)	56.40	37.61	54.62	38.19
Wells Drilled, Net	2.7	-	28.4	25.5

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

(2) Reverse Takeover of ProEx Energy Ltd. on January 15, 2009.

(3) Foothills asset acquisition on March 31, 2010.

(4) West Central Alberta asset disposition on June 30, 2010.

Progress Energy Resources Corp. (“Progress” or the “Company”) announces results for the second quarter of 2010 (the “Quarter”). Production averaged 43,520 barrels of oil equivalent (“boe”) per day, 29 percent higher than the second quarter of 2009 as a result of strong performance from the Company’s Montney and Nikanassin plays and the acquisition of assets in northeast British Columbia. Net capital investment for the Quarter was a credit of \$6.6 million taking into effect the central Alberta asset disposition and a \$38.2 million capital program which reflects normal seasonal activities due to spring break-up.

“We have entered a new era of growth at Progress and are positioned to deliver strong natural gas production growth into an improving natural gas price environment”, said Mr. Michael Culbert, President and CEO of Progress. “Our extensive British Columbia Foothills Montney position is poised to provide long-term growth in production and reserves while our Alberta Deep Basin assets continue to generate strong results in one of North America’s most economic gas plays.”

Highlights

- Produced 43,520 boe per day for the Quarter, compared to 33,817 boe per day in the second quarter of 2009, resulting in a 13 percent debt-adjusted per share growth;
- Generated \$51.2 million of cash flow in the Quarter or \$0.24 per share, diluted, compared to \$30 million or \$0.18 per share, diluted, in the second quarter of 2009;
- Drilled three wells (2.7 net) with a 100 percent success rate; two were drilled in the Deep Basin and one in the Foothills;
- Successfully commissioned the Town South Montney facility;
- Commenced summer horizontal drilling program at Town South and Caribou;
- Continued de-risking of the Foothills Montney play with horizontal and vertical well completions;
- Added approximately 35,000 undeveloped acres of land through crown land sales in the Quarter; Progress holds over 1.3 million net undeveloped acres;
- Processed and interpreted newly shot 3D seismic at Highway in the Foothills of northeast British Columbia leading to several new Montney drilling opportunities on 100 percent owned and controlled lands;
- Closed the west-central Alberta asset disposition for proceeds of \$42.9 million.

Deep Basin of Northwest Alberta Update

Progress embarked on its summer drilling program in the Deep Basin in June with plans to drill approximately 19 wells in this area prior to year end. Additionally, five wells from the first quarter drilling program will be completed early in the third quarter. The primary focus of the second half drilling program will be on the Company’s Nikanassin opportunities which have continued to contribute to consistent growth in production from Progress’ Deep Basin assets. Recent changes to the Alberta royalty regime will have a positive long term impact on drilling economics in the Deep Basin. In addition to the continuation of the initial five percent royalty level, the depth limit to qualify for the Natural Gas Deep Drilling Program has been reduced to 2,000 meters which will provide a royalty credit of approximately \$200,000 per well for a typical Progress well in the Deep Basin. The Company currently has two drilling rigs operating in the Deep Basin.

“Approximately one-quarter of our 2010 capital program will be invested in the Deep Basin,” said Mr. Culbert. “This will allow us to maintain a consistent pace of drilling activity to take advantage of the drilling credits provided under the Alberta government’s incentive programs which result in an average drilling expenditure credit of approximately \$500,000 per well.” The Alberta Drilling Royalty Credit Incentive Program remains in place until April 2011 and provides a drilling credit of \$200 per meter drilled.

In addition, the Company continues to invest in infrastructure within the Deep Basin. The construction of a new compressor facility, the expansion of a second facility and the installation of interconnecting pipelines are underway which will provide the required capacity to meet growing production levels.

Foothills Montney Program

Progress has built an enviable land position totaling approximately 900,000 net acres in the Montney fairway in northeast British Columbia and northwest Alberta. In the Foothills of northeast British Columbia, Progress holds the Montney rights on approximately 700,000 net acres of land in large contiguous blocks. The Company's vertical delineation drilling program has expanded its known productive fairway across its land base from Altares/Farrell Creek in the south to more than 100 miles north at Caribou.

In the first quarter of 2010, the Company successfully initiated a horizontal pilot program at Town South which included the drilling of four horizontal wells and the construction of a 25 mmcf per day facility. The Town South Project is now moving into a full development phase which includes plans for seven additional horizontal wells in the second half of 2010 and the expansion of the facility to 50 mmcf per day prior to year end. Progress also expects to advance its Kobes Project to a development phase which will include the construction of new facilities.

In total, approximately \$175 million is being invested in the Company's Montney program in 2010. Six horizontal wells were drilled in the Town South and Kobes areas in the first quarter with an additional 12 horizontal wells scheduled to be drilled across the Company's Foothills Montney lands in the second half of 2010. Other Montney focused activities include nine vertical delineation tests and a large 3D seismic program to further define this large resource. In addition to the projects at Town South and Kobes, Progress plans to identify an additional three areas for development prior to year end.

"Completions in the Kobes, Altares/Farrell Creek and Caribou areas are scheduled with plans to drill additional wells in Town and Kobes over the summer," said Mr. Culbert. "The capital program for the second half of the year is designed to continue to de-risk the Montney play on our lands and increase production."

Financial Strength

Cash flow for the Quarter was \$51.2 million or \$0.24 per share, diluted. Net capital investment was a credit of \$6.6 million and the dividend for the Quarter was maintained at \$0.10 per common share. During the Quarter, the Company divested of its west-central Alberta assets for cash proceeds of \$42.9 million. Additionally, Progress' first series of convertible debentures matured and were paid out in cash utilizing the Company's existing credit facility.

As at June 30, 2010, the Company had approximately \$470 million available under its \$650 million revolving credit facility. Debt-to-total capitalization for Progress is currently 14 percent.

Progress' average gas price in the Quarter was \$4.03 per thousand cubic feet ("mcf"). The Company's high heat content gas stream achieves a premium to AECO prices. Royalty rates averaged 14.6 percent in the Quarter reflecting lower natural gas prices. With the scheduled plant maintenance, operating costs averaged \$6.45 per boe in the Quarter.

Progress has hedges on approximately 15 percent of its natural gas production for the remainder of 2010 at an average AECO price of C\$5.32 per GJ or C\$5.85 per mcf based on the Company's high heat content gas stream.

Outlook

We plan to invest \$350 million in 2010 and exit the year at between 45,000 and 46,500 boe per day which is approximately 40 percent higher than our 2009 exit rate. Approximately one-half of our 2010 growth comes from the acquisition of low risk, low decline assets in the Foothills region which we closed at the end of the first quarter. The primary driver of our future growth is our Montney program in the Foothills. The Town South Project has moved into its full development phase and is expected to reach 50 mmcf per day in the second quarter of 2011. Additionally, by year end, we anticipate advancing our Kobes Project to its first phase of development and identifying another three project areas that will progress from the vertical test phase into the horizontal pilot

phase and ultimately into development. Each of these five projects would target production reaching 50 mmcf per day. In addition to the substantial potential of our Montney assets, our Deep Basin program and our semi-conventional opportunities in the Foothills will provide a solid production base and generate strong economic returns.

We have established an enviable asset base in two of the premier natural gas plays in North America. Over the past nine years we have amassed large contiguous land blocks in both the Foothills and Deep Basin regions and both regions are 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 while the maintenance of a healthy balance sheet has been important to ensure that we have the flexibility to take advantage of opportunities which add long-term value for shareholders.

We believe the natural gas price environment will improve to reflect the marginal cost of adding production and reserves on a full cycle basis. Although near term prices will be impacted by the relative levels of natural gas in storage and weather events, we believe the recovery in industrial demand and the steady increase in gas-fired electrical generation will balance the market and ultimately place upward pressure on prices. The alignment of the interests of the Company's shareholders and its management is created through direct ownership in the common shares of Progress. Management, directors and employees in aggregate hold approximately seven percent of the outstanding common stock of the Company.

Consolidated Financial Statements and MD&A

Second Quarter 2010 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, contact Greg Kist, Vice President, Investor Relations and Marketing, Progress Energy Resources Corp., at 403-539-1809 (gkist@progressenergy.com).

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis ("MD&A") of financial results is dated July 27, 2010 and is to be read in conjunction with the accompanying unaudited consolidated interim financial statements and related notes for the period ended June 30, 2010 of Progress Energy Resources Corp. ("Progress" or the "Company") and the audited consolidated financial statements and related notes and MD&A for the year ended December 31, 2009. The financial data presented has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The reporting and the measurement currency is the Canadian dollar.

Non-GAAP Measurements Management uses the industry benchmark operating netback to analyze financial and operating performance. This benchmark as presented does not have any standardized meaning prescribed by Canadian GAAP and therefore may not be comparable with the calculation of similar measures for other entities. Operating netback is used by research analysts to compare operating performance and the Company's ability to maintain current operations and meet the forecasted capital program. Operating netback is the net result of the Company's revenue, net of realized gains and losses on financial instruments, and royalty, operating and transportation expenses as found in the accompanying interim financial statements.

Forward-Looking Statements Certain information regarding Progress set forth in this document, including Management's assessment of the Company's future plans and operations, contains forward-looking statements that involve substantial known and unknown risks and uncertainties. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward looking statements. Such statements represent Progress' internal projections, estimates or beliefs concerning, among other things, an outlook on the estimated amounts and timing of capital investment, anticipated future debt, revenues or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. These statements are only predictions and actual events or results may differ materially. Although Progress believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause Progress' actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, Progress.

In particular, forward-looking statements included in this MD&A include, but are not limited to, statements with respect to the size of, and future net revenues from, crude oil and natural gas reserves; future prospects; the focus of, timing and amount of capital expenditures; expected investment in the Company's Montney program in 2010; timing of review of credit facilities; process and timing of implementation of IFRS (as defined herein); impact of IFRS on the Company's financial position and results of operations; projected exit rate for 2010; expected production from the Town South Project; identification and development of future projects and the expected results therefrom; expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development; terms of hedging arrangements; access to debt and equity markets; projections of market prices and costs and the related sensitivity of dividends; the performance characteristics of the Company's crude oil and natural gas properties; crude oil and natural gas production levels, including anticipated production for 2010; Progress' future operating and financial results; capital investment programs; supply and demand for crude oil and natural gas; future royalty rates and natural gas deep drilling credits; drilling, development and completion plans and the results therefrom; amount of operating, transportation and general and administrative expenses; terms of the Company's stock based compensation arrangements; treatment under governmental regulatory regimes and tax laws; impact of market conditions on natural gas prices; estimated tax pool balances; and payment of future dividends. In addition, statements relating to "reserves" or "resources" are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future.

These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the Company's control, including the impact of general economic conditions; volatility in market prices for crude oil and natural gas and other commodities; fluctuations in interest and exchange rates; industry conditions; volatility of commodity prices; imprecision of reserve estimates; geology of oil and gas deposits; encountering

unexpected formations or pressures; premature decline of reservoirs and the invasion of water into producing formations; liabilities inherent in crude oil and natural gas operations; operational risks in exploring for, developing and producing crude oil and natural gas; environmental risks; incorrect assessments of the value of acquisitions and exploration and development programs; uncertainty of finding reserves, developing and marketing those reserves; competition from other producers; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; the lack of availability of qualified personnel or management; changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; hazards such as fire, explosion, blowouts, cratering, and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury; insufficient storage or transportation capacity; stock market volatility; governmental regulation of the oil and gas industry, including environmental regulation; actions taken by governmental authorities, including increases in taxes and changes in government regulations and incentive programs; failure to obtain industry partner and other third party consents and approvals, as and when required; fluctuations in the costs of borrowing; the use of derivative financial instruments; ability to access sufficient capital from internal and external sources and the other risks considered under "Risk Factors" in our annual information form for the year ended December 31, 2009 which is available on www.sedar.com.

With respect to forward-looking statements contained in this MD&A, including, but not limited to, forward-looking statements in respect of the Company's expected operating, transportation and general and administrative expenses, Progress has made assumptions regarding, among other things: current commodity prices and royalty regimes; exchange and interest rates; availability of skilled labour; North American sulphur prices; the price of oil and natural gas; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment; effects of regulation by governmental agencies; royalty rates; current technology; anticipated cash flow; anticipated production rates; anticipated reserves; the timing and amount of capital expenditures and the results therefrom; marketability of oil and natural gas; effects of regulation by governmental agencies; costs of borrowing; transportation and infrastructure availability and development; onstream, operating and other costs; and expectations regarding production levels.

Management has included the above summary of assumptions and risks related to forward-looking information provided in this MD&A in order to provide shareholders with a more complete perspective on Progress' future operations and such information may not be appropriate for other purposes. Progress' 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 MD&A and the Company disclaim 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.

PLAN OF ARRANGEMENT – CREATION OF PROGRESS ENERGY RESOURCES CORP.

On January 15, 2009 Progress Energy Trust (the "Trust") and ProEx Energy Ltd. ("ProEx") completed the plan of arrangement (the "Arrangement") whereby ProEx acquired all of the issued and outstanding units of the Trust and the exchangeable shares of the Trust's subsidiary, Progress Energy Ltd. and changed its name to Progress Energy Resources Corp. The Trust unitholders received 0.8125 of a ProEx share for each trust unit held and the holders of exchangeable shares received 0.8125 of a ProEx share for each unit they were entitled to by multiplying the exchangeable shares held by the exchange ratio on January 15, 2009 of 1.62092.

Upon completion of the Arrangement, the Trust was liquidated and dissolved and the Company received all of the assets and assumed all of the liabilities of the Trust, including the 6.75 percent and 6.25 percent convertible unsecured subordinated debentures of the Trust. The Company is now a mid-sized natural gas focused exploration, development and production company.

As a result of the Arrangement, the former owners of the Trust owned approximately 61 percent of the Company and the former owners of ProEx owned approximately 39 percent. In accordance with Canadian GAAP, the Arrangement was considered a reverse takeover, whereby the Trust was deemed to be the acquirer of ProEx (the “ProEx Acquisition” or “Reverse Takeover”). Consequently, the consolidated financial statements for 2009 reflect the financial position, results of operations and cash flows of the Company as if the Company had always carried on the business formerly carried on by the Trust. The six months ended June 30, 2009 reflect the results of operations and cash flows of the Trust and its subsidiaries for the period January 1 to January 14, 2009 and the results of operations and cash flows of the Company and its subsidiaries for the period January 15 to June 30, 2009. Due to the change from a trust to a corporation, certain information included in the MD&A for prior periods may not be directly comparable.

The total consideration of the Reverse Takeover was approximately \$663.5 million based on the notional issuance of 73,479,481 Trust units at \$9.26 per Trust unit using the weighted average trading price of the Trust for a period before and after the announcement date of November 17, 2008, adjusted for the effect of normal issue costs, and estimated transaction costs and other costs of \$10.3 million. The ProEx Acquisition added approximately 11,500 boe per day of production and approximately 525,000 net acres of undeveloped land.

Description of Business

Progress is a Calgary based, natural gas focused Company. The principal undertaking of the Company is to explore for, develop and hold interests in petroleum and natural gas properties. Primary operating regions include the Deep Basin of northwest Alberta and the northeast British Columbia Foothills. The common shares of the Company trade on the Toronto Stock Exchange (“TSX”) under the symbol PRQ. The 6.25 percent and 5.25 percent convertible unsecured subordinated debentures (the “Debentures”) trade on the TSX under the symbols PRQ.DB.A and PRQ.DB.B, respectively.

Foothills Acquisition

On March 31, 2010, the Company acquired certain northeast British Columbia Foothills assets for \$389.2 million, including \$2.1 million in transaction costs (the “Foothills Acquisition”). The Foothills Acquisition assets are immediately adjacent to the Company’s producing assets in the Town, Bubbles and Blueberry/Beg areas and represent a strategic fit with the Company’s existing northeast British Columbia Foothills properties. The assets include production of approximately 7,300 boe per day, 91 percent natural gas, and approximately 188,000 net acres of undeveloped land.

To finance the Foothills Acquisition and a portion of the Company’s 2010 capital investment program the Company issued 47,630,000 common shares at \$12.60 per share for total gross proceeds of \$600.1 million (\$588.9 million net of issue costs of \$11.2 million). The share issuance was comprised of a \$350 million subscription receipt private placement with the Canada Pension Plan Investment Board (“CPPIB”) and a concurrent \$250 million subscription receipt bought-deal financing through a syndicate of underwriters. Each subscription receipt represented the right to receive one common share of Progress, without the payment of any additional consideration, on the closing of the Foothills Acquisition which occurred on March 31, 2010.

The private placement with CPPIB contains certain conditions in regards to their investment and ongoing relationship with Progress including:

- Lockup provision - requires CPPIB to not sell any shares for an 18 month period following the closing date and CPPIB shall elect to have the shares participate in the dividend reinvestment program.
- Governance - so long as CPPIB owns greater than 12.5 percent of the outstanding common shares they shall have the right to nominate one individual to be a director of Progress. If CPPIB owns greater than 10 percent of the outstanding common shares, Progress shall discuss with CPPIB any proposed transaction for which the Company will require equity financing before implementing such transaction.
- Registration rights – if CPPIB holds 10 percent or more of the outstanding common shares, they shall have the right to require Progress at CPPIB’s expense, to prepare, file and obtain receipt for a final prospectus offering for the sale of any portion of the common shares held by CPPIB.
- After 18 months from the closing of the private placement, CPPIB shall have the right to include common shares owned by CPPIB in a prospectus offering to the extent of 15 percent of such offering.
- Right to participate in future offerings – so long as CPPIB owns greater than 10 percent of the outstanding common shares, CPPIB shall have the pre-emptive right to participate in future offerings up to CPPIB’s pro-rata ownership interest immediately prior to the offering.

OPERATING SUMMARY

In accordance with Canadian industry practice, production volumes, reserve volumes and revenues are reported on a Company interest basis (working interest plus royalty interest), before deduction of Crown and other royalties, unless otherwise indicated. The Company’s results of operations are dependent on production volumes of natural gas, crude oil and natural gas liquids and the prices received for this production. Prices for these commodities have shown significant volatility during recent years and are determined by supply and demand factors, including weather, general economic conditions and changes in the Canadian/United States (“US”) currency exchange rate.

In this MD&A, production and reserves information may be presented on a “barrel of oil equivalent” or “boe” basis with six thousand cubic feet (“mcf”) of natural gas being equivalent to one barrel (“bbl”) of crude oil or natural gas liquids. Boe’s may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Production

	Three Months Ended		Six Months Ended		Change
	2010	2009	2010	2009	
Average Daily Production					
Natural gas (<i>mcf/d</i>)	226,898	174,472	203,078	174,503	16%
Crude oil (<i>bbls/d</i>)	2,014	2,121	1,914	2,136	(10%)
Natural gas liquids (<i>bbls/d</i>)	3,690	2,617	3,559	2,275	56%
Total daily production (<i>boe/d</i>)	43,520	33,817	39,319	33,495	17%
Sulphur sales (<i>tons/d</i>)	76	92	98	81	21%

Progress’ production for the three months ended June 30, 2010 (the “Quarter”) averaged 43,520 boe per day consisting of 226,898 mcf per day of natural gas, 2,014 bbls per day of crude oil and 3,690 bbls per day of natural

gas liquids. Production during the Quarter was 29 percent higher than the same period in 2009 of 33,817 boe per day as a result of the Foothills Acquisition and successful drilling results. The Company's production portfolio for the Quarter was weighted 87 percent to natural gas, five percent to crude oil and eight percent to natural gas liquids.

Natural gas production increased 30 percent to 226,898 mcf per day for the Quarter compared to 174,472 mcf per day for the same period in 2009. The increase was the result of the Foothills Acquisition and successful drilling. Crude oil and natural gas liquids ("NGL") production for the Quarter of 5,704 bbls per day was 20 percent higher than the same period in 2009 of 4,738 bbls per day due to increased NGL production. In 2009 the Company completed a "cross-over line" allowing more of its Deep Basin production to be processed through a "deep cut" facility in the Wapiti area resulting in greater NGL recoveries. The production from new wells in the Deep Basin are tied in to this facility when possible.

Year-to-date 2010 production was 39,319 boe per day consisting of 203,078 mcf per day of natural gas, 1,914 bbls per day of crude oil and 3,559 bbls per day of natural gas liquids. This production was 17 percent higher than the same period in 2009 of 33,495 boe per day due to the Foothills Acquisition on March 31, 2010 as well as the successful drilling results. The Company's production portfolio for the six months ended June 30, 2010 was weighted 86 percent to natural gas, five percent to crude oil and nine percent to natural gas liquids.

On June 30, 2010, the Company disposed of its Central Alberta properties for approximately \$42.9 million.

Production by Region

	Three Months Ended June 30		Six Months Ended June 30		Change
	2010	2009	2010	2009	
Average Daily Production (boe/d)					
Foothills	23,127	16,254	18,884	15,895	19%
Fort St. John Plains	1,837	2,133	1,921	2,156	(11%)
Other	594	850	623	885	(30%)
Total British Columbia	25,558	19,237	21,428	18,936	13%
Deep Basin	16,195	12,452	16,038	12,391	29%
Central Alberta	1,238	1,588	1,298	1,616	(20%)
Other	529	540	555	552	1%
Total Alberta	17,962	14,580	17,891	14,559	23%
Total daily production	43,520	33,817	39,319	33,495	17%

Excludes sulphur production

Pricing

Natural Gas Markets

Progress' realized natural gas price for the Quarter was \$4.03 per mcf (\$3.51 per gigajoule ("gj")) compared to \$3.62 per mcf (\$3.18 per gj) for the same period in 2009. The AECO daily index averaged \$3.69 per gj in the Quarter (2009 - \$3.27 per gj), the AECO monthly index averaged of \$3.66 per gj (2009 - \$3.47 per gj) and the Station #2 daily index averaged \$3.47 per gj (2009 - \$3.06 per gj). Progress markets its natural gas at a mix of daily and monthly pricing. The higher realization reflects the higher heat content of Progress' natural gas stream.

For the six months ended June 30, 2010 Progress' realized natural gas price was \$4.57 per mcf (\$4.00 per gj) compared to \$4.57 per mcf (\$4.01 per gj) for the same period in 2009. During the six months ended June 30, 2010 the AECO daily index averaged of \$4.19 per gj (2009 - \$3.97), the AECO monthly index averaged of \$4.37 per gj (2009 - \$4.40 per gj) and the Station #2 daily index averaged \$4.00 per gj (2009 - \$3.81 per gj).

North American natural gas prices weakened during the Quarter as the effects of moderating weather, continued high storage levels and strong US production limited the upside benefit received from positive economic and market fundamentals.

The Quarter was typical for a shoulder season as natural gas demand fluctuated with weather impacts and storage buyers began the refilling process. Prices fell from the first quarter as the negative impact of growing US production volumes and increasing rig count was partially offset with the positive news of low aquifer levels required for hydro-electric generation and growing coal to natural gas fuel switching. Natural gas prices began to recover late in the Quarter when hot weather in the eastern and southern US boosted demand for gas fired power generation and forecasts for an active hurricane season were released.

Although the current natural gas market continues to be driven by bearish sentiment, environmental concerns with gas well fracturing processes and the impact of a deepwater Gulf of Mexico drilling moratorium may prove to be bullish as future supply is negatively impacted.

Oil Markets

Progress' realized prices for its liquids streams for the Quarter were \$72.97 per bbl (2009 - \$56.15 per bbl) for crude oil and \$56.40 per bbl (2009 - \$37.61 per bbl) for natural gas liquids. For the six months ended June 30, 2010 Progress realized \$74.09 per bbl (2009 - \$50.32 per bbl) for crude oil and \$54.62 per bbl (2009 - \$38.19 per bbl) for natural gas liquids.

Prices began the Quarter at their highest level since the later part of 2008 largely resulting from ongoing positive economic news from the US and China. Market fundamentals did however cause oil prices to remain volatile through much of the Quarter with negative demand side news, such as the Icelandic volcano impacting air travel, bringing oil prices down followed by positive economic news in the US and the moratorium on deep water drilling providing positive support to prices near the end of the Quarter.

Globally, oil demand is slowly recovering from the lows of the past two years. The steady return of demand in North America is supported with consistent economic growth in developing countries such as China and India. This return of demand will likely affect light sweet crude streams like WTI while heavier grades may take longer to regain their relative demand and value. Progress crude oil production is significantly made up of light crude and does not include any heavy oil.

Commodity Prices

	Three Months Ended June 30		Six Months Ended June 30		Change
	2010	2009	2010	2009	
Average Benchmark Prices					
Natural gas – AECO (daily) (\$/gj)	3.69	3.27	4.19	3.97	6%
Natural gas – AECO (monthly) (\$/gj)	3.66	3.47	4.37	4.40	(1%)
Natural gas – Station #2 (daily) (\$/gj)	3.47	3.06	4.00	3.81	5%
Crude oil – WTI (US\$/bbl)	78.03	56.62	78.37	51.35	53%
Crude oil – Edmonton par price (Cdn\$/bbl)	75.21	65.93	77.66	57.81	34%
Exchange rate (Cdn\$/US\$)	1.2076	1.1672	1.0342	1.2062	(14%)
Average Realized Prices					
Natural gas (\$/mcf)	4.03	3.62	4.57	4.57	-
Crude oil (\$/bbl)	72.97	56.15	74.09	50.32	47%
Natural gas liquids (\$/bbl)	56.40	37.61	54.62	38.19	43%
Sulphur – net (\$/ton)	39.98	(35.13)	22.18	16.09	38%

Price Risk Management

The Company, from time to time, may enter into financial contracts for the purpose of protecting its cash flow from the volatility of natural gas prices and Canadian to US foreign exchange rates. For the Quarter, the Company's risk management program had a net realized gain of \$3.9 million (2009 - nil). For the six months ended June 30, 2010 the Company's risk management program had a net realized gain of \$3.0 million (2009 - \$17.5 million gain).

At June 30, 2010 the fair value of the financial contracts was an asset of \$9.5 million (2009 - \$0.3 million asset).

At June 30, 2010 the Company had the following financial contracts outstanding:

Contracts	Volume	Pricing Point	Strike Price \$/gj	Premium \$/gj	Term
Fixed Price Swap	10,000 gj/d	AECO	5.750	n/a	Mar 1/10 to Dec 31/10
Fixed Price Swap	10,000 gj/d	AECO	5.800	n/a	Mar 1/10 to Dec 31/10
Fixed Price Swap	25,000 gj/d	AECO	4.150	n/a	Jul 1/10 to Jul 31/10
Fixed Price Swap	10,000 gj/d	AECO	4.275	n/a	Aug 1/10 to Aug 31/10
Fixed Price Swap	15,000 gj/d	AECO	4.265	n/a	Aug 1/10 to Aug 31/10
Bought Put Option	25,000 gj/d	AECO	6.430	(1.08)	Nov 1/10 to Mar 31/11
Sold Call Option	10,000 gj/d	AECO	7.575	n/a	Jan 1/11 to Dec 31/11
Sold Call Option	10,000 gj/d	AECO	7.500	n/a	Jan 1/11 to Dec 31/11

The Company has hedged natural gas prices on 20,000 gjs per day for the remainder of 2010 at an average of \$5.78 per gj through fixed price swaps and on an additional 25,000 gjs per day for November and December 2010 through a put option that extends to March 31, 2011 at \$5.35 per gj, net of the premium of \$1.08 per gj. The Company has also entered into fixed price swaps on 25,000 gjs per day for July and August of 2010 at average prices of \$4.21 per gj. To manage the cost of the Company's risk management program, the Company sold call options on 20,000 gjs per day which caps the natural gas price at an average price of \$7.54 per gj for 2011.

The change in the fair value of the financial contracts for the three and six months ended June 30, 2010 was a loss of \$7.9 million and a gain \$6.6 million, respectively (2009 - \$0.3 million gain and \$14.3 million loss). The loss for the Quarter was due to increasing future natural gas prices since March 31, 2010, however the gain for the six months ended June 30, 2010 is due to overall lower future natural gas prices than at December 31, 2009.

Revenue

For the Quarter, petroleum and natural gas revenue increased 50 percent to \$115.9 million from \$77.0 million for the same period in 2009 due to both higher production and commodity prices. Production revenue for the Quarter consisted of \$83.3 million from natural gas sales, \$13.4 million from crude oil sales, \$18.9 million from the sale of natural gas liquids and \$0.3 million from the sale of sulphur.

For the six months ended June 30, 2010, revenues increased 28 percent to \$229.3 million from \$179.7 million for the same period in 2009 as a result of both higher production and higher crude oil and natural gas liquids prices.

(\$ thousands)	Three Months Ended June 30		Six Months Ended June 30		Change
	2010	2009	2010	2009	
Natural gas sales	83,269	57,543	168,115	144,286	17%
Crude oil sales	13,374	10,836	25,659	19,453	32%
Natural gas liquids sales	18,940	8,946	35,185	15,717	124%
Sulphur sales (net)	276	(294)	371	235	58%
Petroleum and natural gas revenue	115,859	77,031	229,330	179,691	28%

(\$ thousands)	Natural Gas	Crude Oil & NGLs	Sulphur	Total
Three months ended June 30, 2009 petroleum and natural gas revenue	57,543	19,782	(294)	77,031
Price variance	8,435	8,499	519	17,453
Production variance	17,291	4,033	51	21,375
Three months ended June 30, 2010 petroleum and natural gas revenue	83,269	32,314	276	115,859

(\$ thousands)	Natural Gas	Crude Oil & NGLs	Sulphur	Total
Six months ended June 30, 2009 petroleum and natural gas revenue	144,286	35,170	235	179,691
Price variance	202	17,206	87	17,495
Production variance	23,627	8,468	49	32,144
Six months ended June 30, 2010 petroleum and natural gas revenue	168,115	60,844	371	229,330

Royalties

For the Quarter, royalties increased 128 percent to \$16.9 million from \$7.4 million for the same period in 2009 due to higher revenues. Royalty expense consists of royalties paid to provincial governments, freehold landowners and overriding royalty owners. The Company's average royalty rate for the Quarter was 14.6 percent, which was higher than 2009 of 9.6 percent. The increase in the royalty rate was due to higher commodity prices in the Quarter as compared to the same period in 2009, as well as 2009 included a recovery of \$2.2 million relating to an adjustment to the gas cost allowance for prior periods.

For the six months ended June 30, 2010 royalties increased 53 percent to \$36.8 million compared to \$24.1 million for the same period in 2009. The Company's average royalty rate was 16.0 percent compared to 13.4 percent in 2009 due to higher commodity prices and a recovery in 2009 relating to the gas cost allowance for prior periods.

Management anticipates based on current commodity prices and royalty regimes, the average royalty rate for 2010 will be approximately 15 percent of petroleum and natural gas revenue.

Alberta Royalties

The Alberta government's New Royalty Framework ("new framework") announced October 25, 2007 took effect on January 1, 2009. The new framework is based on a new simplified royalty formula for natural gas that operates on a sliding scale determined by commodity prices, well productivity and drilling depth. A revamped natural gas deep drilling program was also implemented for wells deeper than 2,500 metres.

In 2008 the Alberta government implemented a transitional royalty program in which, companies drilling certain new wells on or after November 19, 2008, have a one-time option of selecting the transitional royalty program or the new framework. All wells drilled between 2009 and 2013 that adopt the transitional royalty program will be required to shift to the new framework on January 1, 2014. As a result, all of the Company's Alberta wells, drilled before November 19, 2008 are now under the new framework. For all Alberta wells drilled after November 19, 2008, the Company has completed the required elections for those wells it has determined would economically benefit under the transitional royalty program.

On March 3, 2009 the Alberta government announced incentives for the energy sector in response to the current global economic slowdown. The incentives include a drilling royalty credit for new conventional oil and natural gas wells of up to \$200 per meter drilled for wells spud on or after April 1, 2009 to March 31, 2011 and a maximum five percent royalty rate for the first year of production from new oil or gas wells brought on production after April 1, 2009, up to a maximum of 500,000 mcf of natural gas or 50,000 bbls of crude oil production. On June 25, 2009 the Alberta government extended these incentives to March 31, 2011. The drilling royalty credit may be reduced depending on the amount of Alberta production on crown lands and how much crown royalties are paid. Progress has determined that it qualifies for the full credit. As at June 30, 2010 approximately \$12.4 million in Alberta drilling credits have been earned and recognized as a reduction to capital spending.

On March 11, 2010 the Alberta government announced further changes to its royalty regime which will take effect beginning January 1, 2011, as a result of its "Competitiveness Review". The key changes are: 1) the current incentive program of five percent for the first year of production on new natural gas and conventional oil wells will become permanent with the current time and volume limits; 2) the maximum royalty rate for conventional oil will be reduced at higher price levels from 50 percent to 40 percent; 3) the maximum royalty rate for conventional and unconventional natural gas will be reduced at higher price levels from 50 percent to 36 percent; and 4) the transitional royalty framework will continue until its original announced expiration on December 31, 2013, however, effective January 1, 2011, no new wells will be allowed to select the transitional royalty rates.

On May 27, 2010 the Alberta government released the new royalty curves associated with the changes announced on March 11, 2010, which determine royalty rates at certain commodity price levels, and revised the natural gas deep drilling credit to wells deeper than 2,000 metres, compared to 2,500 metres previously. The deep drilling credit is \$625 per metre for metres below 2,000 metres to 3,500 metres. This should result in a credit of approximately \$0.2 million on a typical Progress Deep Basin well which will be used to reduce future royalties.

British Columbia Royalties

On August 6, 2009 the government of British Columbia ("BC") announced an oil and gas stimulus package to enhance BC's competitive business climate and encourage continued oil and gas development and exploration. The package is comprised of two parts; a two percent royalty relief program on natural gas and a change to the deep royalty credit program. The two percent royalty relief program is a one year, two percent royalty rate for all natural gas wells drilled in a 10 month window, spud on or after September 1, 2009 to June 30, 2010 based on the well spud date. The two percent royalty will apply to the first 12 months of production and production must commence before December 31, 2010.

The change to the deep royalty credit program includes an increase of 15 percent to the existing royalty deductions for natural gas deep drilling and the inclusion of horizontal wells drilled between 1,900 and 2,300 metres. The change applies to wells spud after August 31, 2009. To date Progress has earned an average of \$2.1 million per well of deep royalty credits on each of its Montney horizontal wells. As at June 30, 2010 approximately \$8.8 million in deep royalty credits have been earned and are expected to be recognized in the future as a reduction to royalty expense.

The two percent royalty relief program and the deep royalty credit program will co-exist but a company will only receive the benefits of one program at a time. The deep royalty credit will apply first. If it is exhausted before 12 months of production, the two percent royalty will be in effect for the remainder of the 12 months. If the deep royalty credit is not exhausted before 12 months, the two percent royalty program will not apply.

Progress has considered the benefits of each of Alberta's and BC's programs in its current drilling plans and will consider the benefits of each in developing the future drilling plans of the Company.

Operating Expenses

Operating expenses during the Quarter increased 17 percent to \$25.5 million from \$21.9 million for the same period in 2009. The increase was due to higher production as a result of the Foothills Acquisition and successful drilling. On a boe basis, operating expenses for the Quarter decreased nine percent to \$6.45 from \$7.09 in the same period in 2009. Operating expense per boe is expected to trend downwards as the Company optimizes the assets acquired in the Foothills Acquisition.

For the six months ended June 30, 2010 operating expenses increased seven percent to \$44.8 million compared to \$41.9 million for the same period in 2009 as a result of higher production. On a boe basis, year-to-date operating expenses decreased nine percent to \$6.30 compared to \$6.91 for the same period in 2009.

Management anticipates operating expenses for 2010 to average \$6.25 to \$6.50 per boe.

Transportation Expenses

Transportation expenses for the Quarter increased 43 percent to \$12.8 million compared to \$9.0 million for the same period in 2009 and for the six months ended June 30, 2010 transportation expenses increased 27 percent to \$22.4 million compared to \$17.6 million for the same period in 2009 as a result of the Foothills Acquisition. On a boe basis, transportation expenses for the Quarter of \$3.24 were eleven percent higher than the same period in 2009 of \$2.91 and for the six months ended June 30, 2010 transportation expenses of \$3.15 were nine percent higher than the same period in 2009 of \$2.90. The increase was due to a higher proportion of the Company's production coming from BC where the Company pays an all-in charge for regulated gathering, processing and transmission fees on much of its production thereby avoiding facility construction. This all-in charge is included in transportation expenses.

Management anticipates transportation expenses for 2010 to average \$3.20 to \$3.30 per boe.

Operating Netbacks

Although many wells produce both crude oil and natural gas, a well is categorized as a natural gas well or an oil well based upon the higher proportion of natural gas or crude oil production. The following table summarizes the operating netbacks for natural gas and oil properties for the three and six months ended June 30, 2010 compared to the same periods in 2009:

	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	2010	2009
Natural Gas Properties (\$/mcf)				
Sales price	4.59	3.90	5.07	4.74
Realized gain on financial instruments	0.17	-	0.07	0.52
Royalties	(0.63)	(0.32)	(0.78)	(0.60)
Operating expenses	(1.01)	(1.08)	(0.99)	(1.05)
Transportation expenses	(0.55)	(0.50)	(0.54)	(0.50)
Operating netback – natural gas properties	2.57	2.00	2.83	3.11
Oil Properties (\$/bbl)				
Sales Price	58.69	47.03	61.27	44.64
Royalties	(13.01)	(8.15)	(13.45)	(8.70)
Operating expenses	(13.00)	(15.19)	(11.97)	(14.86)
Transportation expenses	(1.89)	(1.84)	(1.86)	(1.91)
Operating netback – oil properties	30.79	21.85	33.99	19.17
All Properties (\$/boe)				
Sales Price ¹	29.25	25.03	32.22	29.64
Realized gain on financial instruments	0.97	-	0.42	2.88
Royalties	(4.27)	(2.41)	(5.17)	(3.97)
Operating expenses	(6.45)	(7.09)	(6.30)	(6.91)
Transportation expenses	(3.24)	(2.91)	(3.15)	(2.90)
Operating netback – all properties	16.26	12.62	18.02	18.74

¹ Includes sulphur net revenue (loss) with no associated production as no conversion exists for tons to boe.

General and Administrative Expenses

For the Quarter, general and administrative expenses net of overhead recoveries, (“G&A”) increased 12 percent to \$4.1 million compared to \$3.6 million for the same period in 2009. For the six months ended June 30, 2010 G&A expenses increased seven percent to \$7.6 million compared to \$7.1 million for the same period in 2009. The increase was due to the growth of the Company primarily as a result of the Foothills Acquisition. On a boe basis G&A for the Quarter was \$1.02 compared to \$1.17 for the same period in 2009 while year-to-date 2010 was \$1.07 compared to \$1.18 for the same period in 2009.

The Company capitalized approximately \$0.5 million of G&A during the Quarter (2009 - \$0.2 million) and \$0.9 million for the six months ended June 30, 2010 (2009 - \$1.0 million). These costs represent compensation related to geological and geophysical staff.

Management anticipates G&A expenses to average approximately \$1.00 per boe in 2010.

Stock Based Compensation Expenses

In conjunction with the Arrangement, the Company has established a stock based compensation plan (“Plan”) comprised of a Stock Option Plan, as well as a Share Unit Plan which includes both Restricted Unit Awards and

Performance Unit Awards. Unless otherwise approved by the shareholders, the Company may grant up to a maximum of 1,700,000 common shares pursuant to the Share Unit Plan. The Restricted Unit Awards are whole share awards that entitle the holder to that number of shares at the end of the vesting period. Performance Unit Awards are similar to the Restricted Unit Awards however, a performance factor is applied to the grant on the vesting date. Both the Restricted Unit Awards and Performance Unit Awards vest at the end of a three year period and include accumulated dividends paid over the three year period, however for new employees, their initial grant will vest 20 percent on the first anniversary date, 30 percent on the second anniversary and 50 percent on the third anniversary. Under the Stock Option Plan, unless otherwise approved by the shareholders, the Company may grant up to a maximum of 10,000,000 stock options. The stock options granted under the Stock Option Plan vest one third in each of the second, third and fourth year anniversary dates from the date of grant. The options expire five years from the date of grant.

Grants that were outstanding from the Trust and ProEx, which include performance units and units granted under the Long Term Incentive Component (“LTI”) as well as stock options of ProEx, will continue until their original vesting dates.

Performance Units of the Trust

The performance units granted by the Trust vest at the end of a three year performance period at which time they will be converted to common shares, or the cash equivalent, and include the accumulated distributions of the Trust and accumulated dividends of the Company over the three year period. For new employees, their initial grant will vest 20 percent on the first anniversary date, 30 percent on the second anniversary and 50 percent on the third anniversary. The actual number of common shares paid is dependent upon a performance factor that is determined based on the Company’s performance relative to its peers and ranges from 0.5 to 1.5 times the initial grant, except for performance units granted to the Trust’s executives effective July 2, 2007 and 2008 which can range from 0 to 3 times. Payment may be in the form of cash or common shares, at the Company’s option. Management anticipates, at the end of the performance period, accumulated distributions and dividends will be paid in cash and common shares will be paid from treasury. Actual performance factors will not be determined until the end of the three year performance periods.

Long Term Incentive Component of the Trust

Awards granted under the LTI component of the Trust’s compensation plan vest over three years with 40 percent vesting on the second anniversary of the date of grant and 60 percent vesting on the third anniversary of the date of grant. An additional 15 percent grant will be paid if the holder holds the common shares they receive on the second anniversary date for one additional year. During the six months ended June 30, 2010 92,592 common shares were issued to settle LTI amounts that vested, including the 15 percent on grants that qualified. As at June 30, 2010 23,240 common shares remain outstanding under the LTI component excluding the potential 15 percent grant. Including the 15 percent grant for employees that have held their shares from the first vesting period, approximately 26,726 common shares remain outstanding as at June 30, 2010. The average value of the grants were measured at approximately \$16.93 per share resulting in a total compensation cost of the LTI component of approximately \$3.0 million of which \$2.8 million will be recognized through stock based compensation expense and \$0.2 million will be capitalized over the vesting period.

Long Term Incentive Component of ProEx

ProEx participated in the Trust’s LTI by granting common shares to non-executive Trust employees in their capacity as service providers. To facilitate these awards, the Trust had purchased ProEx common shares and was reimbursed by ProEx for the cost incurred. The ProEx awards granted under the LTI vest on the second anniversary date of the date of grant. As these shares have been purchased and will not be issued from treasury, the stock based compensation expense is a cash expense and the shares granted do not impact the diluted number of shares outstanding. During the six months ended June 30, 2010 10,879 common shares were released to employees on the vesting of their ProEx LTI and as at June 30, 2010, 11,171 common shares have not yet vested.

For the Quarter, stock based compensation expenses increased 20 percent to \$3.4 million (\$0.85 per boe) compared to \$2.8 million (\$0.91 per boe) for the same period in 2009. The difference was due to an increase in

the estimated performance factor from 1.0 to 1.5 on the performance units vesting in 2010 and 2011 due to the Company's strong operating performance. For the six months ended June 30, 2010 stock based compensation expenses of \$6.1 million (\$0.86 per boe) were consistent with the same period in 2009 of \$6.2 million (\$1.02 per boe), as the increase in the performance factors recognized in the Quarter were consistent with the increase in performance factors recognized in 2009.

As at June 30, 2010, there were 5,988,533 stock options outstanding. This includes 4,715,000 stock options that were granted under the Stock Option Plan and 1,273,533 stock options granted by ProEx prior to the Arrangement that will continue until their original expiry date or until they are exercised or forfeited.

The following tables summarize the activity for the six months ended June 30, 2010 and 2009 for the stock options, Share Unit Plan, performance units of the Trust and the units under the LTI component of the Trust.

Stock Options	Number Of Options	Six Months Ended June 30, 2010
		Weighted Average Exercise Price
Balance, beginning of period	5,872,533	11.93
Granted	191,000	12.74
Exercised	(25,000)	10.50
Forfeited	(50,000)	11.40
Balance, end of period	5,988,533	11.97

Restricted Units	Six Months Ended June 30	
	2010	2009
Balance, beginning of period	93,259	-
Granted	-	5,159
Forfeited	(650)	-
Balance, end of period	92,609	5,159

Vesting Date	2010	2009
2010	950	-
2011	5,036	-
2012	86,623	5,159
Total	92,609	5,159

Performance Units	Six Months Ended June 30	
	2010	2009
Balance, beginning of period	259,950	-
Forfeited	(2,800)	-
Balance, end of period	257,150	-

Vesting Date		
2010	2,790	-
2011	4,185	-
2012	250,175	-
Total	257,150	-

Performance Units of the Trust ¹	Six Months Ended June 30	
	2010	2009
Balance, beginning of period	717,718	1,087,247
Performance factor adjustment ²	-	144,543
Settled ²	-	(450,180)
Forfeited	(5,118)	(59,840)
Balance, end of period	712,600	721,770

Vesting Date		
2010 ³	324,388	327,880
2011 ⁴	388,212	393,890
Total	712,600	721,770

- (1) All amounts have been adjusted to reflect the ratio of 0.8125 of a common share for each trust unit as specified in the Arrangement.
- (2) As a result of the Arrangement, the performance units granted to non-executive employees, granted in 2006, vested and were settled at a performance factor of 1.5 times resulting in the issuance of 202,495 common shares. The executive portion was settled at a performance factor of 1.5 times resulting in the issuance of 231,136 common shares. The non-executive employees, who receive their initial performance unit grants at the phased in vesting, resulted in the issuance of 16,549 common shares.
- (3) Subsequent to June 30, 2010, the performance units granted in 2007 were settled at a performance factor of 1.5 times, resulting in the issuance of 485,590 common shares.
- (4) Using the current anticipated performance factor of 1.5 times, 199,631 additional common shares will be issued on the vesting of the performance units in 2011.

Units under LTI Component ¹	Six Months Ended June 30	
	2010	2009
Balance, beginning of period	100,956	161,284
Bonus grant ²	16,683	-
Settled	(92,562)	(49,928)
Forfeited	(1,837)	(5,599)
Balance, end of period	23,240	105,757

Vesting Date		
2009	-	3,681
2010	10,280	87,947
2011	12,960	14,129
Total ²	23,240	105,757

- (1) All amounts have been adjusted to reflect the ratio of 0.8125 of a common share for each trust unit as specified in the Arrangement.
- (2) An additional 15 percent grant, resulting in the issuance of 16,683 common shares, was paid to LTI holders in the Quarter to those who held the shares they received on the second anniversary date for one additional year. For the remaining units under the LTI this could result in an additional 3,486 common shares being issued by the Company.

Interest and Financing Expenses

Interest and financing expenses during the Quarter increased 61 percent to \$9.9 million compared to \$6.2 million for the same period in 2009 while year-to-date interest and financing expenses increased 70 percent to \$21.6 million compared to \$12.7 million for the same period in 2009. The increase was due to higher average total debt levels, including the Debentures, as well as the higher accretion charge and amortization of issue costs of the 5.25 percent convertible unsecured debentures as compared to the same period in 2009. The effective interest rate on bank debt for the Quarter of 6.7 percent, disclosed below, is higher than the 3.3 percent incurred in the same period in 2009 due to higher unutilized fees paid regarding the larger unutilized portion of the credit facility as a result of the closing of the Foothills Acquisition and related financing on March 31, 2010.

(\$ thousands)	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	2010	2009
Interest on bank debt	3,035	3,433	7,898	7,211
Interest on Debentures	4,727	2,105	9,395	4,187
Amortization of Debenture issue costs	693	279	1,389	558
Accretion on debt portion of Debentures ¹	1,477	371	2,930	736
Total interest and financing expense	9,932	6,188	21,612	12,692
Interest and financing expense (\$/boe)	2.51	2.01	3.04	2.09
Average bank debt outstanding	181,190	424,786	253,825	418,765
Average bank debt interest rate (%) ²	6.7	3.3	6.2	3.5
Average bank prime lending rate (%)	2.3	2.3	2.3	2.5

- (1) Under Canadian GAAP, the fair value of the conversion feature of the Debentures is classified as equity and the remainder is classified as debt. Over the term of the Debentures, the debt portion will accrete up to the principal balance at maturity with the charge going to interest and financing expenses.
- (2) The average bank debt interest rate for the three and six months ended June 30, 2010, after excluding fees paid in regards to the unutilized portion of the credit facility of \$1.0 million and \$1.8 million, respectively, was 4.5 percent and 4.8 percent, respectively.

Depletion, Depreciation and Accretion

For the Quarter, depletion and depreciation of property, plant and equipment and the accretion of the asset retirement obligations (“DD&A”) increased 22 percent to \$70.5 million compared to \$58.0 million for the same period in 2009. For the six months ended June 30, 2010 DD&A increased 11 percent to \$126.6 million compared to \$114.0 million for the same period in 2009. The increase to DD&A expense was due to the increased size of the Company as a result of the Foothills Acquisition. On a boe basis, DD&A for the Quarter was \$17.80 compared to \$18.83 for the same period in 2009 and for the six months ended June 30, 2010 was \$17.79 compared to \$18.80 for the same period in 2009 as a result of the Foothills Acquisition.

Taxes

The provision for future income taxes for the Quarter was a recovery of \$6.5 million compared to recovery of \$6.7 million for the same period in 2009, given the consistent pre-tax loss. For the six months ended June 30, 2010 the provision for future income taxes was a recovery of 4.6 million compared to a recovery of \$8.1 million for the same period in 2009 due to a lower pre-tax loss primarily as a result of higher revenues.

Progress’ estimated tax pool balances as at June 30, 2010 total approximately \$2.1 billion.

Net Loss and Comprehensive Loss

The net loss and comprehensive loss for the Quarter increased 11 percent to \$23.3 million compared to net loss and comprehensive loss of \$20.9 million for the same period in 2009. The increase was due to higher DD&A expense and an unrealized loss on financial instruments exceeding the impact of higher revenues. The basic and diluted net loss for the Quarter was \$0.11 per share and for the same period in 2009 the basic and diluted net loss was \$0.13 per share.

The net loss and comprehensive loss for the six months ended June 30, 2010 decreased 12 percent to \$22.5 million compared to a net loss and comprehensive loss of \$25.6 million for the same period in 2009. The decrease was due to higher revenues as well as a \$6.6 million unrealized gain on financial instruments compared to a \$14.3 million unrealized loss for the same period in 2009. The basic and diluted net loss for the year-to-date 2010 was \$0.12 per share and for the same period in 2009 the basic and diluted net loss was \$0.16 per share.

Dividends

Since the Arrangement on January 15, 2009, Progress has declared quarterly cash dividends of \$0.10 per common share, including for the Quarter which is payable on July 15, 2010. The total amount of dividends for the Quarter is approximately \$21.3 million (2009 - \$17.6 million). Progress has a dividend reinvestment plan (“DRIP”) whereby common shareholders can elect to receive their dividend in shares. The number of shares issued is based on 95 percent of the average market price being the weighted average trading prices of the shares for the five consecutive trading days before the dividend payment date. On July 15, 2010 the Company issued 453,427 common shares in payment of \$5.5 million of dividends for shareholders that elected to participate in the DRIP. Progress intends to pay quarterly dividends, however these dividends are not guaranteed.

Quarterly Financial Summary ¹

	Three Months Ended							
	Jun 30 2010	Mar 31 2010	Dec 31 2009	Sept 30 2009	June 30 2009	Mar 31 2009	Dec 31 2008	Sept 30 2008
<i>(\$ thousands, except per share amounts)</i>								
Petroleum and natural gas revenue	115,859	113,471	86,145	64,421	77,031	102,660	98,920	143,026
Net earnings (loss)	(23,288)	764	(20,075)	(26,877)	(20,915)	(4,694)	7,864	52,461
Per share basic ²	(0.11)	0.00	(0.12)	(0.16)	(0.13)	(0.03)	0.10	0.65
Per share diluted ²	(0.11)	0.00	(0.12)	(0.16)	(0.13)	(0.03)	0.10	0.60

- (1) Petroleum and natural gas revenue and net earnings decreased in the fourth quarter of 2008 due to lower commodity prices which continued throughout 2009. On January 15, 2009, ProEx was acquired through the Reverse Takeover. The higher production in 2009 as a result of the ProEx Acquisition was offset by the impact of lower commodity prices. A net loss was realized in each quarter in 2009 due to lower revenues from lower commodity prices, as well as higher expenses as a result of the ProEx Acquisition. Petroleum and natural gas revenue for the first quarter of 2010 increased over the fourth quarter of 2009 due to higher production and higher crude oil and NGL prices. Higher revenues as well as a \$14.6 million unrealized gain on financial instruments, resulted in higher net earnings in the first quarter of 2010 as compared to previous quarters in 2009. Petroleum and natural gas revenue increased slightly from the first quarter of 2010 as higher production as a result of the Foothills Acquisition was largely offset by lower commodity prices. The net loss for the Quarter was due to higher DD&A expense due to the Foothills Acquisition, and an unrealized loss on financial instruments of \$7.9 million.
- (2) The earnings per share amounts for 2008 have been adjusted to reflect the Reverse Takeover as if it had occurred at the beginning of each period.

Capital Expenditures

During the Quarter, the Company invested \$36.6 million in capital expenditures compared to \$12.1 million in the same period in 2009. For the six months ended June 30, 2010 the Company invested \$157.4 million in capital expenditures compared to \$110.0 million for the same period in 2009.

(\$ thousands)	Three Months Ended		Six Months Ended	
	2010	2009	2010	2009
Land acquisitions and retention	11,374	2,219	18,830	17,454
Geological and geophysical	1,422	162	7,253	1,772
Drilling and completions	15,094	5,510	105,054	76,781
Equipping and facilities	10,255	4,137	31,681	13,690
Corporate assets	91	4	224	115
Exploration and development capital	38,236	12,032	163,042	109,812
Net property acquisitions (dispositions)	(1,594)	62	(5,627)	205
Total capital expenditures	36,642	12,094	157,415	110,017
Foothills Acquisition	(376)	-	389,233	-
Central Alberta Disposition	(42,854)	-	(42,854)	-
Arrangement (cash portion)	-	429	-	5,167
Total investing activities (before changes in non-cash working capital)	(6,588)	12,523	503,794	115,184

During the Quarter, the Company drilled 3 gross wells (2.7 net) with a 100 percent success rate. The drilling activity included one gross wells (one net) in the Foothills region and two gross (1.7 net) in the Deep Basin region. For the six months ended June 30, 2010, the Company drilled 32 gross (28.4 net) with a 100 percent success rate including 17 gross wells (14.2 net) in the Foothills region, 14 gross (13.2 net) in the Deep Basin region and one gross well (1.0 net) in the Ojay area in northeast BC. The Town South Project is now moving into a full development phase which includes plans for seven additional horizontal wells in the second half of 2010 and the expansion of the facility to 50,000 mcf per day. Additionally by year end, Progress anticipates advancing its Kobes Project in the Foothills to its first phase of development and identifying an additional three project areas that will progress from the vertical test phase into the horizontal pilot phase and ultimately into development. The Company plans to invest approximately \$175 million in 2010 in the Montney program.

Progress commenced its summer drilling program in the Deep Basin in mid-June and plans to drill approximately 19 wells in the region prior to the end of 2010. Additionally, five wells from the first quarter of 2010 will be completed early in the third quarter. The primary focus of the Deep Basin drilling program for the remainder of the year will be on the Company's Nikanassin opportunities. The drilling royalty credit offered by the Alberta government of \$200 per meter drilled, has resulted in an average credit of \$0.5 million per well for wells drilled in the Deep Basin. The Alberta Drilling Royalty Incentive Program remains in place until April 2011. As at June 30, 2010, Progress has earned approximately \$12.4 million in drilling credits under the Alberta program which have been recognized as a reduction to capital spending.

The drilling credits now offered by the Alberta and BC governments (see “Royalties” above) help support a consistent pace of drilling activity in this weak natural gas price environment.

In addition to the capital expenditures described above, on March 31, 2010, the Company acquired certain northeast British Columbia Foothills assets for \$389.2 million, including \$2.1 million in transaction costs. The Foothills Acquisition assets are immediately adjacent to the Company’s producing assets in the Town, Bubbles and Blueberry/Beg areas and represent a strategic fit with the Company’s existing northeast British Columbia Foothills properties. The assets include production of approximately 7,300 boe per day, 91 percent natural gas, and approximately 188,000 net acres of undeveloped land.

On June 30, 2010, the Company disposed of its Central Alberta properties for approximately, \$42.9 million.

On January 15, 2009, the Company completed the Arrangement which resulted in the combination of ProEx and the Trust. Each Trust unitholder received 0.8125 of a common share for each trust unit held. The transaction has been accounted for as a reverse takeover whereby the Trust has been deemed the acquirer of ProEx. The total consideration of the Reverse Takeover was approximately \$663.5 million based on the notional issuance of 73,479,481 Trust units at \$9.26 per Trust unit using the weighted average trading price of the Trust for a period before and after the announcement date of November 17, 2008, adjusted for the effect of normal issue costs, and estimated transaction costs and other costs of \$10.3 million. The resulting charge to property, plant and equipment on the allocation of the purchase was \$967.1 million. The common shares issued upon completion of the Arrangement represent the non-cash value of this transaction and are not included in the table above. Cash transaction costs incurred in 2009 of \$5.6 million has been disclosed separately on the statement of cash flows.

Goodwill

The goodwill balance of \$414.7 million was primarily the result of the acquisition of Cequel Energy Inc. in 2004. In accordance with Canadian GAAP, goodwill is not amortized but is subject to an impairment test. Progress conducted a goodwill impairment test at its fiscal year end. Goodwill may be tested for impairment between annual tests in certain situations.

For these purposes, the fair value of goodwill is determined as the fair value of the Company as a whole less the fair value of the Company’s identifiable assets and liabilities. A write-down of the carrying value of goodwill may be required if the fair value of the identifiable assets, less the fair value of liabilities, exceed the value of the Company, being primarily the value of its oil and natural gas reserves. There was no impairment of goodwill as at June 30, 2010.

Liquidity and Capital Resources

<i>(\$ thousands, except per share amounts)</i>	June 30 2010	December 31 2009
Working capital deficiency	18,087	9,269
Bank debt	178,384	277,878
Convertible debentures ¹	245,405	296,753
Total debt	441,876	583,900
Shares outstanding (thousands)	213,330	165,284
Market price per share, end of period	12.37	14.15
Market value of shares	2,638,892	2,338,769

(1) The 6.75 percent debentures matured on June 30, 2010 at which time they were repaid.

At June 30, 2010 the Company had \$178.4 million outstanding on its credit facility of \$650.0 million, as well as \$245.4 million for the debt portion of the Debentures and a working capital deficit of \$18.1 million, resulting in \$441.9 million of total debt.

The Company has extendible revolving term credit facilities in the amount of \$650 million from a syndicate of lenders. The borrowing base under the facilities, which were renewed on March 31, 2010 is currently \$650

million and is subject to periodic re-determination by the lenders. The facilities are available on a revolving basis until March 30, 2011, subject to extension at the lenders' discretion for successive 364 day periods. If an extension is not provided, the facilities will be available on a non-revolving basis for the following year and all amounts outstanding thereunder must be repaid in full at the end of such year. The facilities bear interest at a rate based on bankers acceptance rates (or LIBOR, for US dollar borrowings) plus a specified margin, which margin varies based on the Company's debt to cash flow ratio. The facilities contain customary restrictions on the incurrence of additional indebtedness, the disposition of assets and the granting of security. The facilities also contain customary events of default, including if a change of control has occurred in respect of the Company, which could occur: (a) if a person or persons acting jointly or in concert, acquired more than 30 percent of the outstanding voting securities of the Company; or (b) if 50 percent or more of the consolidated reserves of the Company and its subsidiaries were sold or otherwise disposed of to another person. The Company is restricted from making distributions (including the declaration of dividends) if it is in default under the facilities (or a default would reasonably be expected to occur as a result of such distribution) or if its outstanding borrowings exceed its borrowing threshold. As with previous credit facilities, the amount of the facilities is subject to a borrowing base review performed on a periodic basis by the lenders, based primarily on reserves and using commodity prices estimated by the lenders, as well as other factors. A decrease in the borrowing base could result in a reduction to the credit facilities which may require a repayment to the lenders over the following 12 month period. The last borrowing base review was performed in March 2010 using the Company's reserves at January 1, 2010 and prices determined by the lenders. As a result, there was no change to the current credit facilities. The facilities are secured by a \$1.5 billion fixed and floating charge debenture on the assets of the Company. The next semi-annual borrowing base review will be in September 2010.

Bank debt of \$178.4 million as at June 30, 2010 was \$99.5 million lower than December 31, 2009 bank debt of \$277.9 million due to the issuance of 47,630,000 common shares at \$12.60 per share for total gross proceeds of \$600.1 million (\$588.9 million net of issue costs of \$11.2 million) to finance the Foothills Acquisition and a portion of the 2010 capital investment program. The share issuance was comprised of a \$350 million subscription receipt private placement with CPPIB and a concurrent \$250 million subscription receipt bought-deal financing through a syndicate of underwriters. Each subscription receipt represented the right to receive one common share of Progress, without the payment of any additional consideration, on the closing of the Foothills Acquisition which occurred on March 31, 2010. Bank debt increased on June 30, 2010 due to the repayment of the 6.75 percent debentures for \$55.7 million, however this was partially offset by proceeds received on the sale of the Company's Central Alberta properties of approximately \$42.9 million.

The working capital deficiency increased from \$9.3 million as at December 31, 2009 to \$18.1 million as at June 30, 2010 due to higher accounts payable and accrued liabilities as a result of higher capital expenditures in the Quarter and higher royalties.

On February 18, 2009 the Company completed a bought deal financing whereby the Company issued 12,950,000 common shares at a price of \$10.85 per share for aggregate gross proceeds of \$140.5 million (\$133.8 million, net of issue costs of approximately \$6.7 million).

On October 23, 2009, Progress issued \$200.0 million principal amount of 5.25 percent convertible unsecured subordinated debentures (the "5.25 percent debentures"). The net proceeds received of approximately \$191.6 million was used to reduce outstanding bank debt. Interest on the 5.25 percent debentures is payable in equal instalments semi-annually in arrears on April 30 and October 31 in each year commencing April 30, 2010. The 5.25 percent debentures will mature on October 31, 2014. Each debenture may be converted into common shares at the option of the holder at a conversion price of \$18.00 per common share. After October 31, 2012, the Company may redeem the 5.25 percent debentures in whole or in part provided the common shares weighted average trading price during a specified period prior to redemption is at least 125 percent of the conversion price. The Company may satisfy the payment of principal or interest in common shares under certain circumstances.

As at June 30, 2010 the Company also had outstanding \$75.0 million principal amount of the 6.25 percent debentures. The 6.25 percent debentures pay interest semi-annually and are convertible at the option of the holder at any time into fully paid common shares at a conversion price of \$24.00 per common share. The 6.25

percent debentures mature September 30, 2011 at which time they are due and payable. Progress may elect to satisfy the interest and principal obligations by the issuance of common shares.

The Debentures have been classified as debt net of the fair value of the conversion feature which has been classified as part of shareholders' equity and net of issue costs. At June 30, 2010 the debt portion was \$245.4 million, net of unamortized issue costs. Issue costs are amortized over the term of the Debentures and the debt portion will accrete up to the principal balance at maturity. The accretion, amortization of issue costs and the interest paid are expensed with interest and financing expense on the consolidated statements of earnings.

Outstanding as at July 26, 2010 were the following:

	Shares Outstanding Or Issuable
Common shares	214,280,371
Convertible debentures	14,236,111
Stock options	5,976,865
Restricted Unit Awards	177,624
Performance Unit Awards	529,010
Performance units from the Trust	379,988
LTI component from the Trust	21,718

Current economic conditions

Progress continued to have access to both debt and equity markets in late 2009 and early 2010 in spite of the current economic conditions and financial market volatility. As noted above, in October 2009, the Company issued \$200.0 million principal amount of 5.25 percent debentures and on March 31, 2010, raised \$600.1 million gross (\$588.9 net of issue costs) on the issuance of 47,630,000 common shares at \$12.60 per share. As a result, at June 30, 2010 the Company has \$471.6 million available on its current credit facilities.

The Company's investing activities for the six months ended June 30, 2010 consisted of expenditures on its capital program, the Foothills Acquisition and the disposition of its Central Alberta properties. Management anticipates that the Company will continue to have adequate liquidity to fund budgeted capital investments through a combination of cash flow, equity and debt. Cash flow used to finance these commitments may reduce the amount of dividends paid to shareholders as dividends are not guaranteed.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

On January 1, 2011 International Financial Reporting Standards ("IFRS") will become the generally accepted accounting principles in Canada. The adoption date of January 1, 2011 will require the restatement, for comparative purposes, of amounts reported by Progress for the year ended December 31, 2010, including the opening balance sheet as at January 1, 2010. The project to convert to IFRS is being managed by an in-house team of accounting professionals who have engaged in IFRS educational programs and continue to develop the Company's adoption to IFRS. The Company's auditors will be involved throughout the process to ensure the Company's policies are in accordance with these new standards.

In July 2009 an amendment to IFRS 1 First Time Adoption of International Reporting Standards was issued that applies to oil and gas assets. The amendment allows an entity that used full cost accounting under its previous GAAP to elect, at its time of adoption, to measure exploration and evaluation assets at the amount determined under the entity's previous GAAP and to measure oil and gas assets in the development and production phases by allocating the amount determined under the entity's previous GAAP for those assets to the underlying assets pro rata using reserve volumes or reserve values as of that date. Progress currently anticipates that it will use this exemption. IFRS 1 also provides a number of other optional exemptions and mandatory exceptions in certain areas to the general requirement for full retrospective application. Management is analyzing the various

accounting policy choices available and will implement those determined to be the most appropriate for the Company which other than the full cost accounting exemption noted above are:

Business Combinations – IFRS 1 would allow Progress to use the IFRS rules for business combinations on a prospective basis rather than re-stating all business combinations.

Share-based payments – IFRS 1 allows Progress an exemption on IFRS 2, “Share-Based Payments” to equity instruments which vested before Progress’ transition date to IFRS.

The transition from Canadian GAAP to IFRS is significant and may materially affect our reported financial position and results of operations. At this time, Progress has identified key differences that will impact the financial statements and the current status of those items:

- Exploration and Evaluation (“E&E”) expenditures – On transition to IFRS Progress will re-classify all E&E expenditures that are currently included in the PP&E balance on the consolidated balance sheet. This will consist of the book value of undeveloped land that relates to exploration properties. E&E assets will not be depleted and must be assessed for impairment when indicators of impairment exist.
- Property, plant and equipment – This includes oil and gas assets in the development and production phases. The Company has allocated the amount recognized under current Canadian GAAP as at January 1, 2010 using both reserve volumes and reserve values to the assets at an area level. Progress is evaluating the outcome of each calculation.
- Impairment of PP&E assets – Under IFRS, impairment tests of PP&E must be performed on specific portions of PP&E (“cash generating unit”) as opposed to the entire PP&E balance which is currently required under current Canadian GAAP through the full cost ceiling test. Impairment calculations will be performed at the cash generating unit level using either total proved or proved plus probable reserves. Progress has determined its cash generating units for the purpose of impairment testing and anticipates using proved plus probable reserve values for impairment tests.
- Depletion expense – On transition to IFRS Progress has the option to base the depletion calculation using either proved reserves or proved plus probable reserves. Progress has not concluded at this time which method it will use.
- Share based payments – The Company has determined the major differences from current Canadian GAAP that would impact the Company such as treating graded vesting awards as multiple separate awards with different lives and estimating forfeiture rates in advance as opposed to recognizing the impact when the forfeiture occurs. The Company is currently performing the revised share-based payment expense calculations under IFRS.
- Provisions- The major difference between the current Canadian standard and IFRS appears to be the discount rate used to measure the asset retirement obligation (“ARO”). Under the current Canadian standard a credit adjusted risk free rate is used, whereby the IFRS indicates the use of a risk free rate. A lower discount rate will increase the ARO liability and on adoption, that increase will be charged to retained earnings or deficit.
- Due to the recent withdrawal of the exposure draft on IAS 12 Income Taxes in November 2009 and the issuance of the exposure draft on IAS 37 Provisions, Contingent Liabilities and Contingent Assets in January 2010, Management is still determining the impact of these revised standards on its IFRS transition.

In addition to the accounting policy differences, Progress’ transition to IFRS will impact the internal controls over financial reporting, the disclosure controls and procedures and information technology (“IT”) systems as follows:

Internal controls over financial reporting – As the review and analysis of Progress’ accounting policies is completed, an assessment will be made to determine changes required to internal controls over financial reporting. This will be an ongoing process in 2010 to ensure that changes in accounting policies include the appropriate additional controls and procedures for future IFRS reporting requirements.

Disclosure controls and procedures – Throughout the transition process, Progress will be assessing stakeholder’s information requirements and will ensure that adequate and timely information is provided while ensuring the Company maintains its due process regarding information that is disclosed.

IT Systems – Progress has assessed the readiness of its accounting software and has and continues to assess other system requirements that may be needed in order to perform ongoing calculations and analysis under IFRS. These changes are not considered to be significant.

Management is continuing to finalize its accounting policies and choices and as such is unable to quantify the impact on the financial statements of adopting IFRS. In addition, due to anticipated changes to IFRS and International Accounting Standards prior to Progress’ adoption of IFRS, certain items may be subject to change based on new facts and circumstances that arise after the date of this MD&A.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Company is accumulated and communicated to the Company’s Management, as appropriate, to allow timely decisions regarding required disclosures. The Company’s Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of the end of the period covered by the interim filings that the Company’s disclosure controls and procedures are effective to provide reasonable assurance that material information related to the issuer, is made known to them by others within the Company. It should be noted that while the Company’s Chief Executive Officer and Chief Financial Officer believe that the Company’s disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that the disclosure controls and procedures or internal control over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objective of the control system is met. In accordance with National Instrument 52-109 “Certification of Disclosure in Issuers’ Annual and Interim Filings” the certification of interim filings for the interim period ended June 30, 2010 requires Progress to disclose any changes in internal controls over financial reporting that occurred during the interim period. Progress confirms there were no changes made to the internal controls over financial reporting during the Quarter or six months ended June 30, 2010 that has materially affected or is reasonably likely to materially affect Progress’ internal controls over financial reporting.

Additional Information

Additional information regarding the Company and its business and operations, including the annual information form (“AIF”) is available on the Company’s profile at www.sedar.com. Copies of the AIF can also be obtained by contacting the Company at Progress Energy Resources Corp. 1200, 205 – 5th Avenue S.W., Calgary, Alberta, Canada T2P 2V7 or by e-mail at ir@progressenergy.com. This information is also accessible on the Company’s web site at www.progressenergy.com.

OUTLOOK

We plan to invest \$350 million in 2010 and exit the year at between 45,000 and 46,500 boe per day which is approximately 40 percent higher than our 2009 exit rate. Approximately one-half of our 2010 growth comes from the acquisition of low risk, low decline assets in the Foothills region which we closed at the end of the first quarter. The primary driver of our future growth is our Montney program in the Foothills. The Town South Project has moved into its full development phase and is expected to reach 50 mmcf per day in the second quarter of 2011. Additionally, by year end, we anticipate advancing our Kobes Project to its first phase of development and identifying another three project areas that will progress from the vertical test phase into the horizontal pilot phase and ultimately into development. Each of these five projects would target reaching 50 mmcf per day. In addition to the substantial potential of our Montney assets, our Deep Basin program and our semi-conventional opportunities in the Foothills will provide a solid production base and generate very strong economic returns.

We have established an enviable asset base in two of the premier natural gas plays in North America. Over the past nine years we have amassed large contiguous land blocks in both the Foothills and Deep Basin regions. Both regions are 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 while the maintenance of a healthy balance sheet has been important to ensure that we have the flexibility to take advantage of opportunities which add long-term value for shareholders.

We believe the natural gas price environment will improve to reflect the marginal cost of adding production and reserves on a full cycle basis. Although near term prices will be impacted by the relative levels of natural gas in storage and weather events, we believe the recovery in industrial demand and the steady increase in gas-fired electrical generation will balance the market and ultimately place upward pressure on prices. The alignment of the interests of the Company's shareholders and its management is created through direct ownership in the common shares of Progress. Management, directors and employees in aggregate hold approximately seven percent of the outstanding common stock of the Company.

On behalf of the Board of Directors,

(Signed) "Michael R. Culbert"

Michael R. Culbert
President & CEO
July 27, 2010

PROGRESS ENERGY RESOURCES CORP.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

<i>(\$ thousands)</i>	June 30 2010	December 31 2009
ASSETS		
Current		
Accounts receivable	44,025	41,086
Prepaid expenses and deposits	11,593	10,435
Fair value of financial instruments <i>(Note 10)</i>	9,486	2,848
Investments <i>(Note 10)</i>	9,543	9,601
	74,647	63,970
Property, plant and equipment <i>(Note 4)</i>	2,362,612	1,979,765
Goodwill	414,655	414,655
	2,851,914	2,458,390
LIABILITIES		
Current		
Accounts payable and accrued liabilities	61,915	53,863
Cash dividends payable	21,333	16,528
Convertible debentures <i>(Note 6)</i>	-	55,180
Future income taxes	2,352	712
	85,600	126,283
Bank debt <i>(Note 5)</i>	178,384	277,878
Convertible debentures <i>(Note 6)</i>	245,405	241,573
Asset retirement obligations <i>(Note 7)</i>	41,159	39,423
Future income taxes	48,821	57,935
	599,369	743,092
SHAREHOLDERS' EQUITY		
Shareholders' capital <i>(Note 8)</i>	2,542,271	1,944,738
Convertible debentures <i>(Note 6)</i>	28,257	31,010
Contributed surplus <i>(Note 8)</i>	24,660	17,035
Deficit	(342,643)	(277,485)
	2,252,545	1,715,298
	2,851,914	2,458,390

See accompanying notes to the consolidated financial statements

PROGRESS ENERGY RESOURCES CORP.
CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS
AND DEFICIT
(Unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
<i>(\$ thousands, except per share amounts)</i>	2010	2009	2010	2009
REVENUE				
Petroleum and natural gas	115,859	77,031	229,330	179,691
Royalties	(16,918)	(7,408)	(36,806)	(24,064)
	98,941	69,623	192,524	155,627
Realized gain on financial instruments <i>(Note 10)</i>	3,855	-	2,983	17,459
Unrealized gain (loss) on financial instruments <i>(Note 10)</i>	(7,926)	305	6,638	(14,278)
Unrealized gain (loss) on investments <i>(Note 10)</i>	1,519	3,802	(58)	1,732
	96,389	73,730	202,087	160,540
EXPENSES				
Operating	25,542	21,819	44,849	41,890
Transportation	12,837	8,951	22,385	17,596
General and administrative	4,056	3,608	7,599	7,134
Stock based compensation <i>(Note 8)</i>	3,374	2,806	6,132	6,189
Interest and financing	9,932	6,188	21,612	12,692
Depletion, depreciation and accretion <i>(Note 4)</i>	70,482	57,955	126,618	113,981
	126,223	101,327	229,195	199,482
Loss before taxes	(29,834)	(27,597)	(27,108)	(38,942)
TAXES				
Current income taxes	-	-	-	(5,240)
Future income tax reduction	(6,546)	(6,682)	(4,584)	(8,094)
	(6,546)	(6,682)	(4,584)	(13,334)
NET LOSS AND COMPREHENSIVE LOSS	(23,288)	(20,915)	(22,524)	(25,608)
Deficit, beginning of period	(298,022)	(158,965)	(277,485)	(137,137)
Dividends	(21,333)	(17,611)	(42,634)	(34,746)
Deficit, end of period	(342,643)	(197,491)	(342,643)	(197,491)
NET LOSS PER SHARE <i>(Note 8)</i>				
Basic	(0.11)	(\$0.13)	(0.12)	(\$0.16)
Diluted	(0.11)	(\$0.13)	(0.12)	(\$0.16)

See accompanying notes to the consolidated financial statements

PROGRESS ENERGY RESOURCES CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
<i>(\$ thousands)</i>	2010	2009	2010	2009
OPERATING ACTIVITIES				
Net loss	(23,288)	(20,915)	(22,524)	(25,608)
Unrealized loss (gain) on financial instruments <i>(Note 10)</i>	7,926	(305)	(6,638)	14,278
Unrealized loss (gain) on investments <i>(Note 10)</i>	(1,519)	(3,802)	58	(1,732)
Depletion, depreciation and accretion	70,482	57,955	126,618	113,981
Convertible debentures accretion <i>(Note 6)</i>	1,477	371	2,930	736
Amortization of convertible debenture issue costs <i>(Note 6)</i>	693	279	1,389	558
Stock based compensation expense	3,374	2,718	6,132	5,852
Asset retirement expenditures <i>(Note 7)</i>	(1,359)	337	(3,440)	(1,248)
Future income tax reduction	(6,546)	(6,682)	(4,584)	(8,094)
	51,240	29,956	99,941	98,723
Changes in non-cash working capital <i>(Note 9)</i>	5,943	(42,828)	70	(45,882)
	57,183	(12,872)	100,011	52,841
FINANCING ACTIVITIES				
Increase (decrease) in bank debt	39,311	41,988	(99,494)	(32,802)
Repayment of convertible debenture <i>(Note 6)</i>	(55,667)	-	(55,667)	-
Issue of shares <i>(Note 8)</i>	-	-	600,138	140,507
Exercise of Options <i>(Note 8)</i>	263	848	263	848
Cash dividends/distributions	(18,933)	(16,590)	(34,151)	(27,243)
Share issue costs <i>(Note 8)</i>	130	105	(11,191)	(6,691)
Changes in non-cash working capital <i>(Note 9)</i>	(1,047)	-	(607)	-
	(35,943)	26,351	399,291	74,619
INVESTING ACTIVITIES				
Asset Acquisition <i>(Note 4)</i>	376	-	(389,233)	-
Asset Disposition <i>(Note 4)</i>	42,854	-	42,854	-
Plan of Arrangement <i>(Note 1)</i>	-	(429)	-	(5,167)
Capital expenditures	(36,642)	(12,094)	(157,415)	(110,017)
Changes in non-cash working capital <i>(Note 9)</i>	(27,828)	(956)	4,492	(12,276)
	(21,240)	(13,479)	(499,302)	(127,460)
CHANGE IN CASH	-	-	-	-
CASH, BEGINNING AND END OF PERIOD	-	-	-	-

See accompanying notes to the consolidated financial statements

PROGRESS ENERGY RESOURCES CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited) (tabular amounts are in \$ thousands except for shares and per share amounts)

1. PLAN OF ARRANGEMENT

On January 15, 2009 Progress Energy Trust (the “Trust”) and ProEx Energy Ltd. (“ProEx”) completed the plan of arrangement (the “Arrangement”) whereby ProEx acquired all of the issued and outstanding units of the Trust and the exchangeable shares of the Trust’s subsidiary, Progress Energy Ltd. and changed its name to Progress Energy Resources Corp. (“Progress” or the “Company”). The Trust unitholders received 0.8125 of a ProEx share for each trust unit held and the holders of exchangeable shares received 0.8125 of a ProEx share for each unit they were entitled to by multiplying the exchangeable shares held by the exchange ratio on January 15, 2009 of 1.62092.

Upon completion of the Arrangement, the Trust was liquidated and dissolved and Progress received all of the assets and assumed all of the liabilities of the Trust.

As a result of the Arrangement, the former owners of the Trust owned approximately 61 percent of the Company and the former owners of ProEx owned approximately 39 percent. In accordance with Canadian generally accepted accounting principles (“GAAP”), the Arrangement has been accounted for as a reverse takeover, whereby the Trust was deemed to be the acquirer of ProEx. The consolidated financial statements for 2009 reflect the financial position, results of operations and cash flows of the Company as if the Company had always carried on the business formerly carried on by the Trust. The six months June 30, 2009 reflect the results of operations and cash flows of the Trust and its subsidiaries for the period January 1 to January 14, 2009 and the results of operations and cash flows of the Company and its subsidiaries for the period January 15 to June 30, 2009. Due to the change from a trust to a corporation, certain information included in the MD&A for prior periods may not be directly comparable.

The total consideration of the reverse takeover was approximately \$663.5 million based on the notional issuance of 73,479,481 Trust Units at \$9.26 per Trust Unit based on the weighted average trading price of the Trust for a period before and after the announcement date of November 17, 2008, adjusted for the effect of normal issue costs and including transaction and other costs of \$10.3 million. Using the purchase method of accounting, the net assets acquired and the consideration paid were as follows:

Net Assets at Assigned Values	
Current assets	35,565
Current liabilities	(54,359)
	(18,794)
Property, plant and equipment	967,078
Bank debt	(163,215)
Future income taxes	(114,698)
Asset retirement obligations	(6,827)
	663,544
Consideration	
Common shares issued	653,203
Transaction costs	7,633
ProEx options	2,708
	663,544

2. ORGANIZATION AND STRUCTURE OF THE BUSINESS

Progress is engaged in the exploration for, and the acquisition, development and production of, oil and natural gas reserves in the provinces of British Columbia and Alberta. Progress was incorporated on April 8, 2004 under the name ProEx Energy Ltd. and commenced commercial operations on July 2, 2004. On January 15, 2009, in connection with the Arrangement, ProEx was renamed Progress Energy Resources Corp. The Company currently has one wholly owned subsidiary and is a partner in a general partnership.

3. SUMMARY OF ACCOUNTING POLICIES

The interim consolidated financial statements of the Company have been prepared following the same accounting policies and methods of computation as the consolidated financial statements for the year ended December 31, 2009. The disclosures provided below are incremental to those included with the annual consolidated financial statements and certain disclosures, which are normally required to be included in the notes to the annual consolidated financial statements, have been condensed or omitted. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto in the Company's annual filings for the year ended December 31, 2009.

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. The consolidated financial statements are stated in Canadian dollars and have been prepared in accordance with Canadian GAAP.

The preparation of financial statements in conformity with Canadian GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

4. PROPERTY, PLANT AND EQUIPMENT

	June 30 2010	December 31 2009
Property, plant and equipment	3,293,302	2,785,401
Accumulated depletion and depreciation	(930,690)	(805,636)
Property, plant and equipment, net	2,362,612	1,979,765

The calculation of depletion and depreciation expense included an estimated \$460.8 million (2009 - \$199.8 million) for future development costs associated with proved undeveloped reserves and excluded \$63.5 million (2009 - \$49.1 million) for the estimated salvage value of production equipment and facilities and \$323.7 million (2009 - \$229.4 million) for the estimated value of unproven properties. Depletion and depreciation expense for the three and six months ended June 30, 2010 was \$69.7 million and \$125.1 million respectively (2009 - \$57.1 million and \$112.4 million).

The Company capitalized approximately \$1.6 million of geological and geophysical compensation costs associated with the exploration and development of capital assets during the six months ended June 30, 2010 (2009 - \$1.6 million).

Asset Acquisition

On March 31, 2010, Progress acquired certain crude oil and natural gas assets for \$389.2 million, including transaction costs of \$2.1 million ("Asset Acquisition"). The full amount of the Asset Acquisition was recorded to property, plant and equipment (including unproved property value of \$83.4 million which is excluded from the calculation of depletion and depreciation) and in addition, the Company recorded an asset retirement obligation on the acquired assets of \$5.3 million.

Asset Disposition

On June 30, 2010, Progress disposed of its central Alberta properties for \$42.9 million. As a result of the disposition, the Company reduced its asset retirement obligation by \$5.4 million.

5. BANK DEBT

	June 30 2010	December 31 2009
Direct advances	6,384	17,878
Banker's acceptances	172,000	260,000
Total bank debt	178,384	277,878

The Company has extendible revolving term credit facilities in the amount of \$650 million from a syndicate of lenders. The borrowing base under the facilities, which were renewed on March 31, 2010, is currently \$650 million and is subject to periodic re-determination by the lenders. The facilities are available on a revolving basis until March 30, 2011, subject to extension at the lenders' discretion for successive 364 day periods. If an extension is not provided, the facilities will be available on a non-revolving basis for the following year and all amounts outstanding thereunder must be repaid in full at the end of such year. The facilities bear interest at a rate based on bankers acceptance rates (or LIBOR, for US dollar borrowings) plus a specified margin, which margin varies based on the Company's debt to cash flow ratio. The facilities contain customary restrictions on the incurrence of additional indebtedness, the disposition of assets and the granting of security. The facilities also contain customary events of default, including if a change of control has occurred in respect of the Company, which could occur: (a) if a person or persons acting jointly or in concert, acquired more than 30 percent of the outstanding voting securities of the Company; or (b) if 50 percent or more of the consolidated reserves of the Company and its subsidiaries were sold or otherwise disposed of to another person. The Company is restricted from making distributions (including the declaration of dividends) if it is in default under the facilities (or a default would reasonably be expected to occur as a result of such distribution) or if its outstanding borrowings exceed its borrowing threshold. As with previous credit facilities, the amount of the facilities is subject to a borrowing base review performed on a periodic basis by the lenders, based primarily on reserves and using commodity prices estimated by the lenders, as well as other factors. A decrease in the borrowing base could result in a reduction to the credit facilities which may require a repayment to the lenders over the following 12 month period. The last borrowing base review was performed in March 2010 using the Company's reserves at January 1, 2010 and prices determined by the lenders. As a result, there was no change to the current credit facilities. The facilities are secured by a \$1.5 billion fixed and floating charge debenture on the assets of the Company. The next semi-annual borrowing base review will be in September 2010.

6. CONVERTIBLE DEBENTURES

On October 23, 2009 Progress issued \$200.0 million principal amount of 5.25 percent convertible unsecured subordinated debentures (the "5.25 percent debentures"). Interest on the 5.25 percent debentures is payable in equal instalments semi-annually in arrears on April 30 and October 31 in each year commencing April 30, 2010. The 5.25 percent debentures will mature on October 31, 2014. Each debenture may be converted into common shares at the option of the holder at a conversion price of \$18.00 per common share. After October 31, 2012, the Company may redeem the 5.25 percent debentures in whole or in part provided the common shares weighted average trading price during a specified period prior to redemption is at least 125 percent of the conversion price. The Company may satisfy the payment of principal or interest in common shares under certain circumstances.

The 6.75 percent debentures, the 6.25 percent debentures, and the 5.25 percent debentures (the "Debentures") have been classified as debt, net of issue costs and net of the fair value of the conversion feature at the date of issue which has been classified as part of shareholders' equity. The issue costs will be amortized over the

term of the Debentures and the debt portion will accrete up to the principal balance at maturity. The accretion, amortization of issue costs and the interest paid are expensed within interest and financing expense on the consolidated statements of earnings. The fair value of the conversion feature was determined at the time of issue as the difference between the principal value of the debentures and the discounted cash flows assuming an eight percent rate for the 6.75 percent and 6.25 percent debentures and a rate of 8.3 percent for the 5.25 percent debentures, which were the estimated rates for debt with similar terms at the time. If the Debentures are converted to shares, a portion of the value of the conversion feature under shareholders' equity will be reclassified to shareholders' capital along with the conversion price paid.

The 6.25 percent debentures pay interest semi-annually and are convertible at the option of the holder at any time into fully paid common shares at a conversion price of \$24.00 per common share. Pursuant to the Arrangement, the conversion price has been adjusted to reflect the ratio of common shares received for each Trust unit. The 6.25 percent debentures mature on September 30, 2011, at which time they are due and payable. The Company may elect to satisfy the interest and principal obligations by the issuance of common shares.

The 6.75 percent debentures matured and were settled on June 30, 2010.

Debentures	Six Months Ended June 30						
	2010				2009		
	6.75%	6.25%	5.25%	Total	6.75%	6.25%	Total
Principal, end of period	-	75,000	200,000	275,000	55,667	75,000	130,667
Debt portion, beginning of period	55,180	72,132	169,441	296,753	54,196	70,512	124,708
Accretion	258	487	2,185	2,930	256	480	736
Amortization of issue costs	229	325	835	1,389	233	325	558
Repayment	(55,667)	-	-	(55,667)	-	-	-
Debt portion, end of period	-	72,944	172,461	245,405	54,685	71,317	126,002
Equity portion, beginning of period	2,753	4,946	23,311	31,010	2,753	4,946	7,699
Expired	(2,753)	-	-	(2,753)	-	-	-
Equity portion, end of period	-	4,946	23,311	28,257	2,753	4,946	7,699

Total interest charged to earnings for the three months ended June 30, 2010 was \$6.9 million (2009 - \$2.8 million) which includes \$1.5 million of debenture accretion (2009 - \$0.4 million) and \$0.7 million of amortized issue costs (2009 - \$0.3 million).

Total interest charged to earnings for the six months ended June 30, 2010 was \$13.7 million (2009 - \$5.5 million) which includes \$3.0 million of debenture accretion (2009 - \$0.7 million) and \$1.4 million of amortized issue costs (2009 - \$0.6 million).

7. ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations were estimated based on the Company's net ownership interest in all wells and facilities, the estimated costs to abandon and reclaim the wells and facilities and the estimated timing of the costs to be incurred in future periods. The total undiscounted amount of the estimated cash flows required to settle the asset retirement obligations is approximately \$170.4 million which will be incurred over the next 40 years with the majority of costs incurred between 2018 and 2038. A credit adjusted risk-free rate of eight to nine percent was used to calculate the fair value of the asset retirement obligations.

The following reconciles the Company's asset retirement obligations:

	Six Months Ended June 30	
	2010	2009
Balance, beginning of period	39,423	29,412
Liabilities incurred	3,687	1,188
Liabilities acquired	5,298	-
Liabilities settled	(3,440)	(1,248)
Liabilities disposed	(5,375)	-
Plan of Arrangement (<i>Note 1</i>)	-	6,827
Accretion expense	1,566	1,410
Balance, end of period	41,159	37,589

8. SHAREHOLDERS' EQUITY

An unlimited number of voting common shares may be authorized and issued. Each common share is transferable, carries the right to one vote and represents an equal undivided beneficial interest in any dividends from the Company and in the assets in the event of termination or winding-up of the Company. All common shares are of the same class with equal rights and privileges.

Shareholders' Capital

a) Common Shares of Progress Energy Resources Corp.

	Six Months Ended June 30			
	2010		2009	
	Number	Amount	Number	Amount
Common Shares				
Balance, beginning of period	165,283,517	1,944,738	-	-
Issued for Trust units (<i>Note 1</i>)	-	-	81,107,815	1,019,417
Issued for Exchangeable Shares (<i>Note 1</i>)	-	-	10,664,982	122,752
Issued for ProEx shares (<i>Note 1</i>)	-	-	59,702,078	653,203
Share based compensation	92,562	1,620	500,108	10,093
Dividend reinvestment program	298,569	3,679	-	-
Issued on exercise of options	25,000	263	150,000	848
Issued for cash	47,630,000	600,138	12,950,000	140,507
Share issue costs (net of tax of \$3,024 and \$1,877, respectively)		(8,167)		(4,814)
Balance, end of period	213,329,648	2,542,271	165,074,983	1,942,006

b) Trust Units of Progress Energy Trust

	Six Months Ended June 30			
	2010		2009	
	Number	Amount	Number	Amount
Trust Units				
Balance, beginning of period	-	-	99,819,172	1,019,361
Exchangeable shares converted	-	-	5,831	56
Exchanged for common shares <i>(Note 1)</i>	-	-	(99,825,003)	(1,019,417)
Balance, end of period	-	-	-	-

On April 27, 2010, 86,198 shares were issued to settle long term incentive units that vested, resulting in \$1.5 million being transferred from contributed surplus to shareholder' capital.

On March 2, 2010, Progress issued 47,630,000 subscription receipts at a price of \$12.60 per subscription receipt for total gross proceeds of \$600.1 million (\$588.8 net of issue costs). The financing was comprised of a \$350 million subscription receipt private placement with the Canada Pension Plan Investment Board ("CPPIB") and a concurrent \$250 million subscription receipt bought deal financing through a syndicate of underwriters. Each private placement subscription receipt and public subscription receipt represented the right to receive one common share of Progress, without the payment of any additional consideration, subject to the closing of the Asset Acquisition which occurred on March 31, 2010.

The private placement with CPPIB contains certain conditions in regards to their investment and ongoing relationship with Progress including:

- Lockup provision - requires CPPIB to not sell any shares for an 18 month period following the closing date and CPPIB shall elect to have the shares participate in the dividend reinvestment program.
- Governance - so long as CPPIB owns greater than 12.5 percent of the outstanding common shares they shall have the right to nominate one individual to be a director of Progress. If CPPIB owns greater than 10 percent of the outstanding common shares, Progress shall discuss with CPPIB any proposed transaction for which the Company will require equity financing before implementing such transaction.
- Registration rights – if CPPIB holds 10 percent or more of the outstanding common shares, they shall have the right to require Progress at CPPIB's expense, to prepare, file and obtain receipt for a final prospectus offering for sale any portion of the common shares held by CPPIB.
- After 18 months from the closing of the private placement, CPPIB shall have the right to include common shares owned by CPPIB in a prospectus offering to the extent of 15 percent of such offering.
- Right to participate in future offerings – so long as CPPIB owns greater than 10 percent of the outstanding common shares, CPPIB shall have the pre-emptive right to participate in future offerings up to CPPIB's pro-rata ownership interest immediately prior to the offering.

During 2010, the Company issued 298,569 common shares in payment of \$3.7 million of dividends for shareholders that elected to participate in the dividend reinvestment program ("DRIP"). The number of shares issued is based on 95 percent of the average market price being the weighted average trading prices of the shares for the five consecutive trading days before the dividend payment date. Subsequent to June 30, 2010, on July 15, 2010 the Company issued 453,427 common shares under the DRIP.

Subsequent to June 30, 2010, 485,590 shares were issued to settle the performance units granted in 2007 that vested.

Management of Capital Structure

Progress' objectives when managing capital has not changed as a result of the Arrangement and the subsequent restructuring from a trust to a corporation. The objectives remain (i) to maintain a flexible capital structure which optimizes the cost of capital at acceptable risk; and (ii) to manage capital in a manner which balances the interests of equity and debt holders.

In the management of capital, Progress includes share capital and total debt, which is made up of bank debt, convertible unsecured debentures and working capital. Progress manages the capital structure and makes adjustments in light of current economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Progress may issue new common shares, issue new debt, issue new debt to replace existing debt with different characteristics, adjust exploration and development capital expenditures, and acquire or dispose of assets. During the first quarter of 2010, Progress issued 47,630,000 common shares at a price of \$12.60 per share in relation to the Asset Acquisition and to maintain its flexible capital structure.

The key measures that the Company utilizes in evaluating its capital structure are total debt to cash flow from operating activities (before changes in non-cash working capital) and the current credit available from its creditors in relation to the Company's budgeted capital program. Total debt to cash flow from operating activities (before changes in non-cash working capital) is calculated as total debt divided by cash flow from operating activities (before changes in non-cash working capital) and represents the time period it would take to pay off the debt if no further capital expenditures were incurred and if cash flow from operating activities (before changes in non-cash working capital) stayed constant. At June 30, 2010 total debt was \$441.9 million and the annualized first and second quarter cash flow from operating activities (before changes in non-cash working capital) based on the six months ended June 30, 2010 was \$199.9 million, resulting in a total debt to cash flow from operating activities (before changes in non-cash working capital) ratio of 2.2. This ratio is acceptable to the Company in light of the current natural gas price environment during the period.

Net Loss Per Share

The following table summarizes the weighted average common shares used in calculating net loss per share:

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2010	2009	2010	2009
Weighted average common shares – basic	213,259,297	164,749,386	189,708,365	156,636,620
Performance units	744,445	578,866	760,941	512,852
Weighted average common shares – diluted	214,003,742	165,328,252	190,469,306	157,149,472

Shares potentially issuable on the conversion of the Debentures for the three and six months ended June 30, 2010 and 2009 are anti-dilutive and are not included in the calculation of diluted weighted average units.

Stock based compensation expenses

In conjunction with the Arrangement, the Company has established a stock based compensation plan ("Plan") comprised of a Stock Option Plan, as well as a Share Unit Plan which includes both restricted unit awards and performance unit awards. Unless otherwise approved by the shareholders, the Company may grant up to a maximum of 1,700,000 common shares pursuant to the Share Unit Plan. The restricted unit awards are whole share awards that entitle the holder to that number of shares at the end of the vesting period. Performance unit awards are similar to the restricted unit awards, however, a performance factor is applied to the grant on the vesting date. Both the restricted unit awards and performance unit awards vest at the end of a three year period and include accumulated dividends paid over the vesting period, however for new employees, their initial grant will vest 20 percent on the first anniversary date, 30 percent on the second

anniversary and 50 percent on the third anniversary. Under the Stock Option Plan, unless otherwise approved by the shareholders, the Company may grant up to a maximum of 10,000,000 stock options. The stock options granted under the Stock Option Plan vest one third in each of the second, third and fourth year anniversary dates from the date of grant. The options expire in five years from the date of grant.

Grants that were outstanding from the Trust and ProEx, which include performance units and units granted under the LTI Component as well as stock options of ProEx, will continue until their original vesting dates.

Stock options

As at June 30, 2010 there were 5,988,533 stock options outstanding. This includes stock options which were granted under the Plan and stock options that have continued from ProEx's original stock option plan.

The following table summarizes the stock option activity for the six months ended June 30, 2010.

	Number Of Options	Weighted Average Exercise Price
Balance, beginning of period	5,872,533	11.93
Granted	191,000	12.74
Exercised	(25,000)	10.50
Forfeited	(50,000)	11.40
Balance, end of period	5,988,533	11.97

The following table summarizes stock options outstanding and exercisable at June 30, 2010.

Range of exercise price	Options Outstanding			Options Exercisable	
	Number Outstanding At Period End	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable At Period End	Weighted Average Exercise Price
\$9.35 to \$11.40	4,524,000	3.64	11.36	-	-
\$12.00 to \$14.22	1,191,033	2.34	13.49	650,033	13.62
\$14.50 to \$16.50	273,500	1.83	15.33	240,167	15.30
	5,988,533	3.15	11.97	890,200	14.07

The Company accounts for its stock based compensation plan using the fair value method. Under this method, a compensation cost is charged over the vesting period for stock options granted to officers, directors and employees with a corresponding increase to contributed surplus.

The fair value of the options granted during the three and six months ended June 30, 2010 and 2009 were estimated on the date of grant using the Black-Scholes option pricing model with weighted average assumptions and resulting values for grants as follows:

Assumptions	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	2010	2009
Risk free interest rate (%)	2.35	2.25	2.32	1.8
Expected life (years)	4.00	4.00	4.00	4.00
Expected volatility (%)	43	43	43	42
Expected dividend yield (%)	3.2	4.0	3.2	3.5
Weighted average fair value of options granted (\$)	3.55	2.75	3.64	3.00

Share units

The activity for the six months ended June 30, 2010 and 2009 relating to the Company's Share Unit Plan which includes both restricted units and performance units as described above, is as follows:

Restricted Units	Six Months Ended June 30	
	2010	2009
Balance, beginning of period	93,259	-
Granted	-	5,159
Forfeited	(650)	-
Balance, end of period	92,609	5,159

Vesting Date		
2010	950	-
2011	5,036	-
2012	86,623	5,159
Total	92,609	5,159

Performance Units	Six Months Ended June 30	
	2010	2009
Balance, beginning of period	259,950	-
Forfeited	(2,800)	-
Balance, end of period	257,150	-

Vesting Date		
2010	2,790	-
2011	4,185	-
2012	250,175	-
Total	257,150	-

Subsequent to June 30, 2010, the Company granted 34,925 restricted unit awards and 275,650 performance unit awards.

Share Appreciation Rights (SARs)

ProEx had a Share Appreciation Rights (SARs) plan that allowed for the issuance of SARs to certain employees, which entitle the holder to receive a cash payment equal to the difference between the stated exercise price and the market price of common shares on the date of surrender. SARs vest equally over a three year period. The exercise price was based on the market price at the time of grant. At June 30, 2010, 65,000 (2009 – 85,000) SARs were outstanding at an average price of \$13.99. No compensation expense relating to the SARs has been recorded for the period ended June 30, 2010 (2009 –nil).

Long Term Incentive Component of the Trust

Awards granted under the LTI component will vest over three years with 40 percent vesting on the second anniversary of the date of grant and 60 percent vesting on the third anniversary of the date of grant. An additional 15 percent grant will be paid if the holder holds the common shares they receive on the second anniversary date for one additional year. For the six months ended June 30, 2010, 92,562 common shares were issued to settle LTI amounts that vested. This includes the 15 percent grant that was paid to LTI holders that held the shares they received on the second anniversary date for one additional year. This resulted in an additional 16,683 common shares being issued by the Company. As at June 30, 2010 23,240 common shares remain outstanding under the LTI component. As at June 30, 2010, the total compensation cost of the LTI component has been fully recognized and totals \$3.0 million of which \$2.8 million was recognized through stock based compensation expense and \$0.2 million was capitalized over the vesting period.

Long Term Incentive Component of ProEx

ProEx participated in the Trust's LTI by granting common shares to non-executive Trust employees in their capacity as service providers. To facilitate these awards, the Trust had purchased ProEx common shares and was reimbursed by ProEx for the cost incurred. The ProEx awards granted under the LTI vest on the second anniversary date of the date of grant. As these shares have been purchased and will not be issued from treasury, the stock based compensation expense is a cash expense and the shares granted do not impact the diluted number of shares outstanding. During the six months ended June 30, 2010 10,879 common shares were released to employees on the vesting of their ProEx LTI. As at June 30, 2010 11,171 common shares have not yet vested.

Performance Unit Incentive Plan

The outstanding performance units that had been granted by the Trust vest at the end of a three year performance period at which time they will be converted to common shares, or the cash equivalent, and include the accumulated distributions of the Trust and accumulated dividends of the Company over the three year period. For new employees hired their initial grant vests 20 percent on the first anniversary date, 30 percent on the second anniversary and 50 percent on the third anniversary. The actual number of common shares paid is dependent upon a performance factor that is determined based on the Company's performance relative to its peers and ranges from 0.5 to 1.5 times the initial grant, except for performance units granted to the Trust's executives effective July 2, 2007 and 2008 which can range from 0 to 3 times. Payment may be in the form of cash or common shares, at the Company's option. Management anticipates, at the end of the performance period, accumulated distributions and dividends will be paid in cash and common shares will be paid from treasury. Actual performance factors will not be determined until the end of the three year performance periods.

As at June 30, 2010, there are 712,600 performance units outstanding with 317,952 vesting on July 2, 2010, and 394,648 vesting on July 2, 2011 the amounts of which have been adjusted by 0.8125 of a common share for each Trust unit as specified in the Arrangement. The stock based compensation expense is calculated using the current estimated performance factor for each performance unit grant based on the Company's

operating performance. Actual performance factors will not be determined until the end of the performance period. On July 2, 2010 485,590 common shares were issued to settle the performance units granted in 2007 that vested at a performance factor of 1.5 times.

On January 15, 2009, 202,495 common shares were issued to settle the performance units that vested as part of the Arrangement at a performance factor of 1.5 times. As a result \$3.4 million was transferred from contributed surplus to shareholders' capital.

For the three and six months ended June 30, 2010, \$3.4 million and \$6.1 million was charged to stock based compensation expense (2009 – \$2.8 million and \$6.1 million) and \$0.2 million and \$0.4 million was capitalized (2009 – \$0.2 million and \$0.4 million) relating to the total performance units, stock options and shares under the LTI component outstanding.

Performance Units of the Trust ¹	Six Months Ended June 30	
	2010	2009
Balance, beginning of period	717,718	1,087,247
Performance factor adjustment ²	-	144,543
Settled ²	-	(450,180)
Forfeited	(5,118)	(59,840)
Balance, end of period	712,600	721,770
Vesting Date		
2010 ³	324,388	327,880
2011 ⁴	388,212	393,890
Total	712,600	721,770

(5) Amounts have been adjusted to reflect the ratio of 0.8125 of a common share for each trust unit as specified in the Arrangement.

(6) As a result of the Arrangement, the performance units granted to non-executive employees, granted in 2006, vested and were settled at a performance factor of 1.5 times resulting in the issuance of 202,495 common shares. The executive portion was settled at a performance factor of 1.5 times resulting in the issuance of 231,136 common shares. The non-executive employees, who receive their initial performance unit grants at the phased in vesting, resulted in the issuance of 16,549 common shares.

(7) The 2007 performance units were settled subsequent to June 30, 2010, at a performance factor of 1.5 times resulting in the issuance of 485,590 common shares.

(8) Using the current anticipated performance factor of 1.5 times, 199,631 additional common shares will be issued on the vesting of the performance units granted in 2008.

Units under LTI Component ¹	Six Months Ended June 30	
	2010	2009
Balance, beginning of period	100,956	161,284
Additional grant ²	16,683	-
Settled	(92,562)	(49,928)
Forfeited	(1,837)	(5,599)
Balance, end of period	23,240	105,757
Vesting Date		
2009	-	3,681
2010	10,280	87,947
2011	12,960	14,129
Total ²	23,240	105,757

(1) Amounts have been adjusted to reflect the ratio of 0.8125 of a common share for each trust unit as specified in the Arrangement.

(2) An additional 15 percent grant was paid to LTI holders that held the shares they received on the second anniversary date for one additional year. This resulted in an additional 16,683 common shares being issued by the Company.

The following table reconciles the Company's contributed surplus:

	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	2010	2009
Balance, beginning of period	19,867	15,629	17,035	12,959
ProEx options assumed on the Arrangement <i>(Note 1)</i>	-	-	-	2,708
Stock based compensation expense	3,374	2,718	6,132	5,852
Stock based compensation capitalized	225	169	360	410
Convertible debentures – equity portion <i>(Note 6)</i>	2,753	-	2,753	-
Settlements	(1,559)	(6,680)	(1,620)	(10,093)
Balance, end of period	24,660	11,836	24,660	11,836

9. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital

	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	2010	2009
Accounts receivable	6,935	9,060	(2,939)	31,436
Prepaid expenses and deposits	512	948	(1,158)	(994)
Accounts payable	(30,379)	(53,792)	8,052	(83,360)
Current income taxes payable	-	-	-	(5,240)
Change in non-cash working capital	(22,932)	(43,784)	3,955	(58,158)
Relating to:				
Investing activities	(27,828)	(956)	4,492	(12,276)
Financing activities	(1,047)	-	(607)	-
Operating activities	5,943	(42,828)	70	(45,882)

Interest and taxes paid

	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	2010	2009
Interest paid	9,847	4,720	18,890	13,050
Income and other taxes paid	-	-	318	-

10. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The Company's financial instruments recognized on the balance sheet consist of accounts receivable, investments, accounts payable and accrued liabilities, dividends payable, bank debt, convertible debentures and derivative natural gas contracts ("financial instruments"). The fair value of these instruments, excluding the investments, convertible debentures and the derivative natural gas contracts, approximate their carrying amounts due to their short terms to maturity or the indexed rate of interest on the bank debt. The fair value

of the convertible debentures outstanding as at June 30, 2010 was approximately \$278.7 million (2009 - \$128.6 million).

In light of the current economic conditions, the Company continues to monitor its accounts receivable and its allowance for doubtful accounts. As at June 30, 2010 there have been no impairment issues. The Company has an allowance for doubtful accounts of approximately \$0.9 million.

Included in investments at June 30, 2010, were 8,300,000 Class A common shares in Seaview Energy Inc valued at \$8.8 million based on a closing price of \$1.06 per share. A gain of \$1.4 million and a loss of \$0.3 million (2009 – gain of \$3.7 million and \$1.6 million) was recognized for the three and six months ended June 30, 2010. At June 30, 2010, Progress owned 448,578 shares of Crocotta Energy Inc. valued at \$0.7 million based on a closing price of \$1.66 per share. A gain of \$0.1 million and a gain of \$0.2 million (2009 – gain of \$0.1 million and \$0.1 million) was recognized for the three and six months ended June 30, 2010.

Commodity Price Contracts

The Company has entered into several financial instruments for the purpose of protecting its cash flow from operations before changes in non-cash working capital. For the three months ended June 30, 2010, the Company's risk management program had a net realized gain of \$3.9 million (2009 - \$ nil). For the six months ended June 30, 2010, the Company's risk management program had a net realized gain of \$3.0 million (2009 - \$17.5 million gain).

At June 30, 2010 the fair value of the financial instruments was an asset of \$9.5 million (2009 – asset of \$0.3 million), resulting in an unrealized loss of \$7.9 million and an unrealized gain of \$6.6 million for the three and six months ended June 30, 2010 (2009 - \$0.3 million unrealized gain and \$14.3 million unrealized loss).

Contracts outstanding in respect to financial instruments are as follows:

Natural gas

Contracts	Volume	Pricing Point	Strike Price \$/gj	Term
Fixed Price Swap	10,000 gj/d	AECO	\$5.750	Mar 1/10 to Dec 31/10
Fixed Price Swap	10,000 gj/d	AECO	\$5.800	Mar 1/10 to Dec 31/10
Fixed Price Swap	10,000 gj/d	AECO	\$4.150	July 1/10 to July 31/10
Fixed Price Swap	15,000 gj/d	AECO	\$4.150	July 1/10 to July 31/10
Fixed Price Swap	10,000 gj/d	AECO	\$4.275	Aug 1/10 to Aug 31/10
Fixed Price Swap	15,000 gj/d	AECO	\$4.265	Aug 1/10 to Aug 31/10

Contracts	Volume	Pricing Point	Strike Price \$/gj	Premium \$/gj	Term
Bought Put Option	25,000 gj/d	AECO	\$6.430	\$1.08	Nov 01/10 to Mar 31/11

Contracts	Volume	Pricing Point	Strike Price \$/gj	Term
Sold Call Option	10,000 gj/d	AECO	\$7.575	Jan 1/11 to Dec 31/11
Sold Call Option	10,000 gj/d	AECO	\$7.500	Jan 1/11 to Dec 31/11

2010 SELECTED QUARTERLY INFORMATION

FINANCIAL HIGHLIGHTS

(unaudited)

(\$ thousands except per share amounts)

	2009				2010	
	March 31	June 30	Sept. 30	Dec. 31	March 31	June 30
Income Statement						
Petroleum and natural gas revenue	102,660	77,031	64,421	86,145	113,471	115,859
Cash flow ¹	68,767	29,956	20,596	33,935	48,701	51,240
Per share – diluted	0.46	0.18	0.12	0.20	0.29	0.24
Cash dividends declared ²	17,134	17,611	16,513	16,528	21,301	21,333
Per share	0.10	0.10	0.10	0.10	0.10	0.10
Net earnings	(4,694)	(20,915)	(26,877)	(20,075)	764	(23,288)
Per share – basic	(0.03)	(0.13)	(0.16)	(0.12)	-	(0.11)
Per share – diluted	(0.03)	(0.13)	(0.16)	(0.12)	-	(0.11)
Balance Sheet						
Exploration and development capital	97,780	12,034	32,445	49,512	124,142	38,231
Net property acquisitions (dispositions)	143	60	(403)	(1,546)	(3,369)	(1,589)
Total capital expenditures	97,923	12,094	32,042	47,966	120,773	36,642
Asset Acquisition ³	-	-	-	-	389,609	(376)
Asset Disposition ⁴	-	-	-	-	-	(42,854)
Working capital deficiency (surplus)	37,869	(8,696)	9,041	9,269	42,506	18,087
Bank debt	387,956	429,944	440,518	277,878	139,074	178,384
Convertible debentures	125,352	126,002	126,656	296,753	298,902	245,405
Total debt	551,177	547,250	576,215	583,900	480,482	441,876
Shareholders' equity	1,798,767	1,764,050	1,723,658	1,715,298	2,290,806	2,252,545
Common Shares (thousands except where otherwise stated)						
Shares outstanding, end of period	164,627	165,075	165,126	165,284	213,014	213,330
Weighted average shares - basic	146,743	164,749	165,120	165,258	165,896	213,259
Weighted average shares - diluted	149,479	165,328	165,666	165,927	166,763	214,004
Common Share Trading Statistics (\$)						
High	12.45	11.72	14.02	15.29	14.70	12.97
Low	7.60	8.70	8.52	12.49	11.25	10.67
Closing	9.36	10.16	13.82	14.15	11.77	12.37
Share volume traded (thousands)	54,304	52,501	50,758	43,897	49,171	58,964

1 Cash flow represents the cash flow from operations before changes in non-cash working capital, which as presented does not have any standardized meaning prescribed by Canadian GAAP and therefore it may not be comparable with the calculation of similar measures for other entities.

2 The dividends declared in the first and second quarters of 2009 include \$0.7 million and \$1.0 million, respectively, of accumulated distributions and dividends paid on performance units that vested during the periods.

3 Foothills asset acquisition on March 31, 2010.

4 West Central Alberta asset disposition on June 30, 2010.

2010 SELECTED QUARTERLY INFORMATION

Operational Highlights <i>(unaudited)</i>	2009				2010	
	March 31	June 30	Sept. 30	Dec. 31	March 31	June 30
Daily Production						
Natural gas (mcf/d)	174,535	174,472	157,522	161,497	178,993	226,898
Crude oil (bbls/d)	2,151	2,121	1,874	1,882	1,812	2,014
Natural gas liquids (bbls/d)	1,930	2,617	1,995	2,592	3,426	3,690
Total daily production (boe/d)	33,170	33,817	30,122	31,390	35,070	43,520
Average Realized Prices						
Natural gas (\$/mcf)	5.52	3.62	3.10	4.21	5.27	4.03
Crude oil (\$/bbl)	44.50	56.15	69.66	71.06	75.33	72.97
Natural gas liquids (\$/bbl)	38.98	37.61	41.46	49.15	52.68	56.40
Highlights (\$/boe)						
Weighted average sales price ¹	34.39	25.03	23.25	29.83	35.95	29.25
Realized gain (loss) on financial instruments	5.85	-	0.41	(0.06)	(0.28)	0.97
Royalties	(5.58)	(2.41)	(2.22)	(4.21)	(6.30)	(4.27)
Operating expenses	(6.72)	(7.09)	(6.94)	(6.51)	(6.12)	(6.45)
Transportation expenses	(2.90)	(2.91)	(3.30)	(3.19)	(3.02)	(3.24)
Operating Netbacks	25.04	12.62	11.20	15.86	20.23	16.26
General and administrative expense	(1.18)	(1.17)	(1.15)	(1.14)	(1.13)	(1.02)
Stock based compensation expense	(1.13)	(0.92)	(0.92)	(0.99)	(0.87)	(0.85)
Interest and financing expenses	(2.18)	(2.01)	(2.25)	(3.29)	(3.70)	(2.51)
Unrealized gain/(loss) on financial instruments	(4.89)	0.10	(0.31)	1.17	4.61	(2.00)
Unrealized gain/(loss) on investments	(0.69)	1.24	(0.06)	(0.24)	(0.50)	0.38
Depletion, depreciation and accretion expense	(18.77)	(18.83)	(18.99)	(20.04)	(17.79)	(17.80)
Net earnings before taxes	(3.80)	(8.97)	(12.48)	(8.67)	0.85	(7.54)
Future income taxes recovery	0.47	2.17	2.76	1.82	(0.62)	1.65
Current income tax recovery (expense)	1.76	-	-	(0.11)	-	-
Net Earnings	(1.57)	(6.80)	(9.72)	(6.96)	0.23	(5.89)
Drilling Results (# of Wells)						
Gross	29	-	11	12	29	3
Net – natural gas	25.5	-	10.1	9.1	25.7	2.7
Success Rate (percent)	88	N/A	100%	100%	100%	100%

¹ Includes sulphur net revenue with no associated production as no conversion exists for tons to boe.

**CORPORATE INFORMATION OF
PROGRESS ENERGY
RESOURCES CORP.**

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Calgary, Alberta

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Cypress Energy Corp.
Calgary, Alberta

John A. Brussa ⁽³⁾⁽⁴⁾
Partner
Burnet, Duckworth and Palmer LLP
Calgary, Alberta

Howard Crone ⁽¹⁾⁽²⁾
President & CEO
Cequence Energy Ltd.
Calgary, Alberta

Michael R. Culbert
President and CEO
Progress Energy Resources Corp.
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Gary E. Perron ⁽¹⁾⁽³⁾
Senior Vice President and
Managing Director
BMO Nesbitt Burns
Calgary, Alberta

Brian McLachlan ⁽²⁾⁽³⁾
President & CEO
Yoho Resources Inc.
Calgary, Alberta

Terrance D. Svarich ⁽²⁾⁽⁴⁾
President
Devsun Ltd.
Calgary, Alberta

⁽¹⁾ Member of Audit Committee

⁽²⁾ Member of Reserve Committee

⁽³⁾ Member of Compensation
Committee

⁽⁴⁾ Member of Corporate Governance and
Nominating Committee

Environment, Health and Safety matters are
addressed by the entire Board of Directors

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Vice President, Operations

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Vice President, Land

James L. Stannard
Vice President, Engineering

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Secretary

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TRUSTEE AND TRANSFER AGENT

Computershare Trust Company
of Canada
Calgary, Alberta

STOCK EXCHANGE

The Toronto Stock Exchange
trading symbols:
Common Shares- PRQ
6.25% Debentures – PRQ.DB.A
5.25% Debentures – PRQ.DB.B

SOLICITOR

Burnet, Duckworth & Palmer LLP
Calgary, Alberta

AUDITOR

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