



NEWS RELEASE

Progress Announces Third Quarter Results

Montney Resource Assessed at 1.7 Trillion Cubic Feet at Town Property

Calgary, October 27, 2009 (TSX – PRQ) – Progress Energy Resources Corp. (“Progress” or the “Corporation”) announces results for the third quarter of 2009 (the “Quarter”). Production averaged 30,122 barrels of oil equivalent (“boe”) per day after accounting for approximately 5,000 boe per day of shut-in natural gas production for the month of September. Capital investment in the Quarter was \$32.4 million and was primarily directed towards the Corporation’s Montney acreage position in the Foothills of northeast British Columbia and the multiple-stacked horizons in the Deep Basin of northwest Alberta.

“In the current constrained capital environment, our 2009 investment has been primarily directed at advancing the Montney play to a commercial stage and maintaining a steady pace of drilling activity within the Deep Basin,” said Mr. Michael Culbert, President and CEO of Progress.

Highlights

- Drilled two Montney horizontal wells and one vertical well in the Town area in the Quarter. The first horizontal was fracture stimulated over 8 intervals and had a stabilized rate of 10 million cubic feet (“mmcf”) per day. The second horizontal was fracture stimulated over 5 intervals and had a stabilized rate of 2 mmcf per day. A step-out vertical well was drilled and completed with a post frac, stabilized rate of 1.3 mmcf per day;
- Progress recently engaged GLJ Petroleum Consultants Ltd. (“GLJ”) to prepare an independent evaluation of the Discovered Petroleum Initially-In-Place (“DPIIP”) surrounding its recent Montney drilling activity in the Town area. Effective October 27, 2009, GLJ has concluded that the best estimate of DPIIP for the Town property is 1.7 trillion cubic feet (“TCF”), net working-interest to Progress, over an area of 40 sections (38.3 net). This represents less than five percent of Progress’ Foothills Montney land position;
- Completed five wells with a 100 percent success rate in the Deep Basin during the Quarter. The wells tested at an average rate of 2.5 mmcf per day per well. The Nikanassin was the primary target in these wells with additional zones including the Charlie Lake, Bluesky and Falher being completed as well;
- Completed a \$200 million convertible debenture financing subsequent to the Quarter. The debentures have a coupon of 5.25 percent and are convertible into Progress common shares at \$18.00 per share;
- Produced 30,122 boe per day for the Quarter. Progress currently has approximately 5,000 boe per day shut-in due to low gas prices and approximately 3,500 boe per day behind pipe. These volumes are expected to be brought on-stream during the last week of October and first week of November;
- Generated cash flow of \$20.6 million in the Quarter or \$0.12 per share, diluted;
- Maintained the third quarter dividend at \$0.10 per common share and adopted a dividend reinvestment program.

Foothills Montney Program Update

Progress has built a land position totaling over 800,000 undeveloped acres in the Montney fairway in northeast British Columbia and northwest Alberta. The primary focus of the Corporation's Montney program is currently in the Town area in the heart of Progress' Foothills region where a large network of Progress-owned gathering pipelines and compressor stations already exist. Recent well results and the DPIIP results have increased the Corporation's confidence that a commercial program can be initiated in 2010.

Montney Drilling

Five vertical and three horizontal wells have been drilled in the Town area since late 2008. The vertical wells have had variable test rates averaging approximately 900 thousand cubic feet ("mcf") per day, post fracture stimulation ("frac"). Progress' most recent vertical well was a step-out and, post frac, tested at a stabilized rate of 1.3 mmcf per day. The first horizontal well drilled at Town had an initial production rate of 2.4 mmcf per day and after 90 days on production, exhibited a shallow decline and is currently producing at a stabilized rate of 1.4 mmcf per day. The second horizontal well was drilled and completed over a 1,400 meter horizontal section. The well was fracture stimulated across eight limited intervals and had a stabilized gas rate of approximately 10 mmcf per day. This well was shut-in for pressure build up and has been brought on stream at a restricted rate of approximately 5 mmcf per day. The third horizontal was drilled from an existing vertical wellbore and was fracture stimulated across five intervals and had a stabilized test rate of two mmcf per day. This well has now been shut-in for pressure build-up and will be brought on stream by mid-November.

Resource Assessment

Progress recently engaged GLJ Petroleum Consultants Ltd. ("GLJ") to prepare an independent evaluation of the Discovered Petroleum Initially-In-Place ("DPIIP") as defined in the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") surrounding its recent Montney drilling activity in the Town area. Effective October 27, 2009, GLJ has concluded that the best estimate of DPIIP for the Town Montney project is 1.7 TCF, net working-interest to Progress, over an area of 40 sections (38.3 net). This represents less than five percent of Progress' Foothills Montney land position. GLJ further estimated that the low and high estimates of DPIIP for the project were 0.8 TCF and 2.7 TCF, net working-interest to Progress, over areas of 18.2 (17.4 net) and 62.7 (60.4 net) sections respectively.

Given the current early stage of the Montney program, the best estimate of DPIIP might change significantly in the future with further activity and the amount of Contingent Resources, as defined in the COGE Handbook, has yet to be estimated. Progress is in the early stages of development of this asset and while management is encouraged by the results to date, additional drilling and testing is required to confirm deliverability potential and commercial economics. The DPIIP estimates provided herein are estimates only and the actual DPIIP may be greater than, or less than, the estimates provided herein. There is no certainty that it will be commercially viable or technically feasible to produce any portion of this natural gas currently classified as DPIIP.

At December 31, 2008, with only one Montney well drilled and completed, Progress had 6.5 billion cubic feet ("BCF") proved plus probable reserve bookings assigned to the Town Montney project. The reserves assessment of the Montney will be updated in this area in conjunction with the year end reserves evaluation.

Upcoming drilling will include a vertical step-out program designed to expand the current boundaries and a horizontal pilot program in the Town South area. Horizontal wells drilled in Town will qualify under the government of British Columbia's deep drilling program. A well with a 1,900 meter vertical section and a 1,400 meter horizontal section is expected to receive a royalty credit against royalties payable of approximately \$2.1 million.

Deep Basin of Northwest Alberta Update

Progress drilled six wells (5.6 net) in its Deep Basin program in the Quarter and has achieved a 100 percent success rate on the 15 wells (13.5 net) drilled in the area in 2009. Five wells were completed in the Quarter and tested an average of 2.5 mmcf per day per well. Five additional Deep Basin wells will be drilled prior to year end.

"Our Deep Basin drilling program has continued to deliver strong results and the success we have achieved in the Nikanassin formation is additive to other producing horizons," said Mr. Culbert. "Approximately two-thirds of our second half capital is being invested in this area, with a continued focus on the Nikanassin, while our behind pipe volumes have continued to grow throughout the year. The behind pipe volumes will be brought on-stream over the next couple of weeks with wells drilled in the fourth quarter brought on stream as they are completed and tied in."

In early 2008, Progress successfully co-developed a new completions technique which helped unlock certain tight Nikanassin gas accumulations. Using a slick oil completion, the Corporation was able to achieve an average 10-fold increase in initial production rates compared to historical industry results in the Nikanassin. Progress has now completed 15 wells in the Nikanassin using this technology and has achieved an average test rate of 2.5 mmcf per day from this zone. The Nikanassin is typically commingled with one to three other zones from the fourteen potential zones that the Corporation produces from in this area. Progress currently has one rig running in the Deep Basin and will utilize one rig for the remainder of the year with continued focus on the Nikanassin formation. Progress continues to assess the economics of drilling horizontally versus vertically in the multiple stacked horizons of the Deep Basin.

The economics for drilling in the Deep Basin remain very strong and have been enhanced by the drilling credits provided under the Alberta Drilling Royalty Credit Incentive Program. This program provides a drilling credit of \$200 per meter drilled and the New Well Royalty Incentive Program provides a five percent royalty for the first year of production up to 500 mmcf.

Financial Strength

Cash flow for the Quarter was \$20.6 million or \$0.12 per share, diluted. Capital investment was \$32.4 million and the dividend for the third quarter was maintained at \$0.10 per common share.

During the Quarter, Progress announced a \$200 million convertible unsecured subordinated debenture offering which matures on October 31, 2014. The debentures pay at a rate of 5.25 percent annually and are convertible to common shares of Progress at a price of \$18.00 per common share. This long-term financing provides significant flexibility for the Corporation under its existing \$650 million credit facility of which approximately \$410 million is currently available. Debt-to-total capitalization for Progress is currently approximately 20 percent.

Progress' average gas price in the Quarter was \$3.10 per thousand cubic feet ("mcf"). The Corporation's high heat content gas stream achieves a premium to AECO prices. Royalty rates averaged 10 percent in the Quarter reflecting lower natural gas prices. With reduced natural gas volumes, operating costs averaged \$6.94 per boe in the Quarter. Subsequent to the end of the Quarter, Progress crystallized its entire currency hedge for a gain of \$1.3 million.

Outlook

We are on track to invest approximately \$175 million in total in 2009 in our two key operating regions. Our primary focus will continue to be on proving up additional play concepts in our core areas, such as the Montney and Nikanassin, which we believe will have a material impact on the future value of the Corporation.

In September, we shut-in approximately 5,000 boe per day of natural gas production in response to the weak natural gas price environment. We are bringing this production back on-stream into a gas price environment that is more than double when we shut-in the production. In addition to the shut-in volumes, we will bring on our behind pipe volumes of approximately 3,500 boe per day over the next couple of weeks. As we bring on shut-in and behind pipe volumes, we expect to be producing in the range of 34,000 to 35,000 boe per day. Through the effective management of our 2009 capital investment program, we expect to exit 2009 at a rate consistent with our first quarter production levels and at an on-stream capital efficiency of approximately \$20,000 per boe per day.

Natural gas prices have begun to strengthen in advance of the winter heating season. On the supply side, natural gas directed drilling has increased recently but remains over 50 percent lower than the peak level of activity in September 2008. As well, overall North America onshore production has begun to fall and is likely to continue falling given the relatively high initial decline rates of wells being drilled in unconventional plays and the low level of drilling activity. On the demand side, industrial production has been improving and the demand by industrial users is increasing gas consumption.

Our focus through the lows in the commodity and business cycles has been on long-term resource capture to position us for the next up cycle. The maintenance of our healthy balance sheet was further improved through the convertible debenture offering which will term out a large portion of our debt. Our balance sheet provides us with the flexibility to take advantage of opportunities which add long-term value for shareholders. The alignment of the interests of the Corporation's shareholders and its management is created through direct ownership in the common shares of Progress. Management, directors and employees in aggregate hold approximately 10 percent of the outstanding common stock of the Corporation.

Dividend Reinvestment Program

In August 2009, Progress announced that it has adopted a dividend reinvestment plan (the "DRIP"). The DRIP allows eligible shareholders of Progress to direct that their cash dividends be reinvested in additional common shares which, when issued from treasury, will be issued at 95 percent of the Average Market Price (as defined in the DRIP) on the applicable dividend payment date. A registered shareholder who wishes to enroll in the DRIP may do so by contacting Computershare Trust Company of Canada, the Plan Agent. Beneficial shareholders who wish to participate in the DRIP should contact the broker or other nominee through which their common shares are held to provide appropriate enrollment instructions and to ensure any deadlines or other requirements that such broker or nominee may impose or be subject to are met.

A complete copy of the DRIP is available by following the "Shareholder Information - DRIP link" on the "Investors" page of Progress' website at www.progressenergy.com or from Computershare by calling 1-800-564-6253. Shareholders should carefully read the complete text of the DRIP before making any decisions regarding their participation in the DRIP.

Consolidated Financial Statements and MD&A

Third Quarter 2009 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 Corporation's website at www.progressenergy.com.

Progress is a Calgary based, mid-size energy Corporation primarily focused on natural gas exploration, development and production in northwest Alberta and northeast British Columbia. Common shares of Progress are listed on the Toronto Stock Exchange under the symbol PRQ.

For further information:

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Historical results are that of Progress Energy Trust	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2009	2008	2009	2008
FINANCIAL HIGHLIGHTS				
Income Statement (\$ thousands, except per share amounts)				
Petroleum and natural gas revenue	64,421	143,026	244,111	415,800
Cash flow ¹	20,596	72,144	119,318	218,214
Per share – diluted	0.12	0.73	0.75	2.36
Cash dividends declared ²	16,513	-	51,258	-
Per share	0.10	-	0.30	-
Cash distributions declared	-	32,965	-	91,878
Per unit	-	0.30	-	0.90
Balance Sheet (\$ thousands)				
Working capital deficiency	9,041	4,985	9,041	4,985
Bank debt	440,518	279,918	440,518	279,918
Convertible debentures	126,656	124,057	126,656	124,057
Total debt	576,215	408,960	576,215	408,960
Capital expenditures	32,042	54,223	142,059	109,199
Plan of Arrangement ³	457	-	663,544	-
OPERATIONAL HIGHLIGHTS				
Average Daily Production				
Natural gas (<i>mcf/d</i>)	157,522	126,265	168,772	124,972
Crude oil (<i>bbls/d</i>)	1,874	2,027	2,050	2,063
Natural gas liquids (<i>bbls/d</i>)	1,995	1,712	2,180	1,810
Total daily production (<i>boe/d</i>)	30,122	24,783	32,358	24,702
Average Realized Prices				
Natural gas (<i>\$/mcf</i>)	3.10	9.12	4.11	9.07
Crude oil (<i>\$/bbl</i>)	69.66	114.06	56.28	106.71
Natural gas liquids (<i>\$/bbl</i>)	41.46	88.34	39.20	81.70
Wells Drilled, Net	10.1	12.5	35.6	27.6

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

(2) Includes \$1.7 million of accumulated distributions and dividends paid on performance units that vested during the nine months ended September 30, 2009.

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

Advisory Regarding Forward-Looking Statements

This press release and financial highlights table (collectively the "press release") contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. In particular, forward looking statements in this press release include, but are not limited to, statements with respect to the focus of capital expenditures, the timing of capital spending and the results therefrom; payment of dividends; projections of future land holdings; completion of planned facility expansions and the timing thereof; future drilling plans and programs, the timing thereof and the results therefrom; timing of development of resources; expected commodity prices and industry conditions.

The forward-looking statements and information are based on certain key expectations and assumptions made by Progress, including expectations and assumptions concerning prevailing commodity prices and exchange rates, applicable royalty rates and tax laws; future well production rates; reserve and resource volumes; the performance of existing wells; the success obtained in drilling new wells; and the sufficiency of budgeted capital expenditures in carrying out planned activities; and the availability and cost of labour and services and future operating costs. Although Progress believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward looking statements and information because Progress can give no assurance that they will prove to be correct.

Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the oil and gas industry in general such as operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve and resource estimates; the uncertainty of estimates and projections relating to reserves, resources, production, costs and expenses; health, safety and environmental risks; commodity price and exchange rate fluctuations; marketing and transportation; loss of markets; environmental risks; competition; incorrect assessment of the value of acquisitions; failure to realize the anticipated benefits of acquisitions; ability to access sufficient capital from internal and external sources; changes in legislation, including but not limited to tax laws, royalties and environmental regulations.

Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide securityholders with a more complete perspective on the Corporation's future operations and such information may not be appropriate for other purposes. The Corporation's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that the Corporation will derive there from. Readers are cautioned that the foregoing lists of factors are not exhaustive. These forward-looking statements are made as of the date of this press release and the Corporation disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the operations or financial results of Progress are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). The forward-looking statements and information contained in this press release are made as of the date hereof and Progress undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Barrels of Oil Equivalent

"Boe" means barrel of oil equivalent on the basis of 1 boe to 6,000 cubic feet of natural gas. Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 1 boe for 6,000 cubic feet of natural gas is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.