



PETRONAS to Acquire Progress Energy
Companies agree to \$5.5 Billion Acquisition

CALGARY, AB – June 28, 2012 –PETRONAS, the Malaysian national oil and gas company, and Progress Energy Resources Corp. (Progress) (TSX:PRQ) today announced that PETRONAS' Canadian subsidiary, PETRONAS Carigali Canada Ltd (PETRONAS Canada), and Progress have entered into an agreement for the purchase by PETRONAS Canada of all of Progress' outstanding common shares at a cash price of C\$20.45 per share. Including the amount to be paid for Progress' outstanding convertible debentures, the transaction is valued at approximately C\$5.5 billion. The transaction is to be completed by way of an arrangement under the Business Corporations Act (Alberta).

Highlights

- Cash price of C\$20.45 per Progress share
- Transaction has received the unanimous approval of Progress' Board of Directors
- PETRONAS brings substantial investments in LNG infrastructure and access to world markets through established channels
- Canadian operations to remain based in Calgary for upstream with commercial office in Vancouver for LNG

The transaction price represents a premium of 77% over Progress' closing share price on the Toronto Stock Exchange of C\$11.55 on June 27, 2012, and 83% over Progress' 30-trading day volume weighted average trading price of C\$11.18 per share ending on June 27, 2012.

The acquisition of Progress is consistent with PETRONAS' strategy of strengthening its position as one of the global leaders in Liquefied Natural Gas (LNG). The transaction follows a joint venture established between the two companies last year to develop a portion of Progress' Montney shale assets in the Foothills of northeast British Columbia which reflected the desire by both parties to explore additional opportunities to develop LNG export capacity on the west coast of British Columbia.

Net Benefit to Canada

"The proposed transaction will combine PETRONAS' significant global expertise and leadership in developing LNG infrastructure with Progress' extensive experience in unconventional resource development to build a strong and growing world class energy business based in Canada," said Datuk Anuar Ahmad, Executive Vice President of the gas and power business for PETRONAS. "This development will generate substantial economic benefits for the provinces and local communities, as PETRONAS' access to capital will help to bring Canada's abundant and clean-burning natural gas resources to global markets, leveraging our well-established and extensive network of customers worldwide."

"We are pleased to announce that the joint venture has selected a site in Prince Rupert, British Columbia for our planned LNG export facility on the west coast of British Columbia. A Feasibility Assessment Agreement has been signed with the Prince Rupert Port Authority (PRPA) giving our project

the exclusive right to conduct further feasibility and investigative studies on Lelu Island. We have begun engagement with relevant authorities and First Nations, as well as community groups, and we look forward to working closely with them in the course of our site investigation. A key consideration in our investigation will be understanding the environmental and social impacts as well as ascertaining technical feasibility.”

Following a successful transaction, PETRONAS plans to combine its Canadian business with that of Progress and intends to retain all the employees of Progress to capitalize on the experience and depth of the Progress team. PETRONAS plans to work in partnership with Progress’ employees in realizing the joint vision of both companies to grow the business with ongoing investment in its Canadian operations. In addition to its desire to grow its Canadian operations, PETRONAS is committed to fostering strong community relations. PETRONAS intends to continue with and build upon Progress’ existing community and charitable commitments.

“Our relationship with PETRONAS has been very productive and they have clearly demonstrated a commitment to the local communities, both economically and environmentally,” said Michael Culbert, President and CEO of Progress Energy. “Our asset base requires extensive capital to develop its large potential and ultimately access international LNG markets. PETRONAS offers the size and scale that will enable our company to continue to grow and not be limited by the same cash flow challenges faced by many producers in the North American natural gas market today.”

Information on the Transaction

Following an extensive review and analysis of the proposed transaction and consideration of other available alternatives, the Board of Directors of Progress has unanimously determined that the arrangement is in the best interests of Progress and is fair to Progress’ shareholders and debenture holders. The Board of Progress has unanimously approved the transaction and determined to recommend that Progress’ shareholders and debenture holders vote in favour of the arrangement. Each of the senior officers and directors of Progress, and Canada Pension Plan Investment Board, representing in aggregate approximately 25% of the outstanding common shares (on a fully diluted basis), have entered into support agreements with PETRONAS Canada supporting the transaction, pursuant to which they have agreed to vote in favour of the approval of the arrangement. The Board of Directors of Progress has received from its financial advisor, and from an independent advisor, opinions that, as of the date of the agreement, the consideration proposed to be paid to Progress’ shareholders and debenture holders is fair from a financial point of view.

In accordance with the terms of the arrangement agreement, the Board of Progress has determined that no Progress common shares will be made available for issuance from treasury nor will additional Progress common shares be purchased on the market in connection with Progress’ dividend reinvestment plan effective immediately. As a result, no Progress common shares will be available under the dividend reinvestment plan in connection with the dividend announced on May 1, 2012, which will be paid on July 16, 2012 to shareholders of record on June 30, 2012 and will be the last dividend paid prior to the closing of the transaction.

The agreement between PETRONAS Canada and Progress provides for, among other things, a non-solicitation covenant on the part of Progress, subject to “fiduciary out” provisions that entitle Progress to consider and accept a superior proposal and a right in favour of PETRONAS Canada to match any

superior proposal. If the arrangement agreement is terminated in certain circumstances, including if Progress enters into an agreement with respect to a superior proposal or if the Board of Directors withdraws or modifies its recommendation with respect to the proposed transaction, PETRONAS is entitled to a termination payment of C\$150 million.

Completion of the transaction is subject to customary closing conditions, including receipt of court, shareholder and regulatory approvals, including under the Investment Canada Act and Competition Act. Progress' shareholders will be asked to vote on the transaction at a special shareholders meeting and the completion of the transaction will require the approval of two-thirds of the votes cast by shareholders in person or by proxy at the meeting.

Under the proposed transaction, the holders of the two series of Progress convertible subordinated debentures outstanding will receive a cash amount, including the make whole payments provided under the terms of the debentures, equal to the amount that they would otherwise receive upon conversion of the debentures following the completion of the arrangement if they were not acquired under the arrangement, plus accrued interest to the closing date. Based on an estimated closing date of September 25, 2012, the cash consideration for each C\$1,000 principal amount, excluding accrued interest, would be approximately C\$1,202 for the 5.25% debentures maturing in 2014 and C\$1,162 for the 5.75% debentures maturing in 2016.

The holders of the two series of debentures will be asked to vote on the arrangement, each as separate classes. However, completion of the arrangement is not conditional on such approvals. If the requisite debenture holder approval is not obtained, the applicable series of debentures will be excluded from the arrangement and will remain outstanding following completion of the arrangement.

An information circular regarding the arrangement is expected to be mailed to security holders in late July for a special meeting of the holders of common shares and debentures to take place in late August, with closing expected to occur in late September.

A copy of the arrangement agreement and the information circular and related documents will be filed with Canadian securities regulators and will be available at www.sedar.com.

PETRONAS' exclusive financial advisor for the transaction is Bank of America Merrill Lynch. Norton Rose Canada LLP is acting as legal counsel to PETRONAS.

BMO Capital Markets is acting as exclusive financial advisor to Progress for the transaction and has provided the Board of Directors of Progress with a fairness opinion regarding the proposed transaction for the shareholders and the holders of each series of debentures. Scotia Waterous has also provided the Board of Directors of Progress with an independent fairness opinion regarding the proposed transaction for the shareholders and the holders of each series of debentures. A copy of each opinion will be included in the information circular to be sent to Progress securityholders for the special meeting to be called to consider the arrangement. Burnet, Duckworth and Palmer LLP is acting as legal counsel to Progress.

About PETRONAS

PETRONAS is the national oil and gas company of Malaysia. Incorporated in 1974 the company, ranked among the most profitable among the Fortune Global 500 entities, is engaged in the oil, gas and petrochemicals industries with strategic business assets and interests in more than 30 countries. It is one of the world's leading LNG companies and is fully involved in every value chain of the LNG business, from liquefaction and shipping to re-gasification and trading. Apart from its Malaysian production facility, currently one of the world's largest, PETRONAS also owns interests in LNG assets in Australia and Egypt.

About Progress Energy

Progress is a Calgary, Canada-based Energy Company focused on exploration, development and production of large, unconventional natural gas resources in northeast British Columbia and northwest Alberta. Progress holds the largest acreage position in the Montney shale gas play. Throughout its history, Progress has a solid track record of growing reserves, production and the underlying value of the Company for its shareholders. Common shares of Progress are listed on the Toronto Stock Exchange under the symbol PRQ.

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Cautionary Statement on Forward-Looking Information

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. In particular, forward looking statements in this press release include, but are not limited to, statements regarding the expected benefits of the transaction; considerations in respect of the LNG export facility;

PETRONAS's plans for the Company, including, but not limited to, its plans for employee retention, following successful completion of the transaction; the anticipated timing of the meeting of securityholders and of closing of the transaction; and the estimated consideration payable to holders of the debentures.

The forward-looking statements and information are based on certain key expectations and assumptions made by Progress and PETRONAS, including, but not limited to, expectations and assumptions concerning the ability of Progress and PETRONAS to obtain all required regulatory approvals for the transaction, including, but not limited to, shareholder, Court and regulatory approvals. Although Progress and PETRONAS 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 there can be 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 risk that the transaction may not close when planned or at all or on the terms and conditions set forth in the arrangement agreement; the failure of Progress and PETRONAS to obtain the necessary shareholder, Court, regulatory and other third party approvals required in order to proceed with the transaction; operational risks in development, exploration and production for natural gas; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve and resource estimates; 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; ability to access sufficient capital from internal and external sources; and changes in legislation, including but not limited to tax laws, royalties and environmental regulations. Readers are cautioned that the foregoing list of factors is not exhaustive.

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 proposed transaction and such information may not be appropriate for other purposes. 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 Progress and PETRONAS will derive there from.

The forward-looking statements and information contained in this press release are made as of the date hereof and Progress and PETRONAS undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events, or results or otherwise, other than as required by applicable securities laws.