



Version Date: April 1, 2009

**PROGRESS ENERGY RESOURCES CORP.
CODE OF BUSINESS CONDUCT AND ETHICS**

Introduction

At Progress Energy Resources Corp. and its subsidiaries (“Progress” or the “Company”), we are committed to maintaining the highest standards of honesty and accountability and we recognize that each employee, officer, director and consultant (collectively “employees”) has an important role to play in achieving this goal. Progress’ reputation is dependent upon the integrity and sense of responsibility of its employees. Progress is committed to conducting all of its affairs with honesty, integrity and fairness and expects the same from all of its business partners. The Company will not take unfair advantage of anyone through illegal conduct, manipulation, concealment, abuse of privileged information, misrepresentation of material facts or other dishonest or unfair practices.

In addition to following this Code of Business Conduct and Ethics (“Code”) in all aspects of your business activities, you are expected to seek guidance in any case where there is a question about compliance with both the letter and spirit of applicable laws and policies. This Code sets forth general principles and does not supersede the specific policies and procedures that are covered in Progress’ policy statements, such as the Disclosure, Confidentiality and Trading Policy, Privacy Policy or the Whistle Blower Policy.

This Code has been posted on Progress’ website and any change or waiver of this Code will be disclosed within five business days of the change or waiver through an additional posting on Progress’ website.

Compliance Procedures

This Code is not intended to address all of the situations you may encounter. There will be occasions where you are confronted by circumstances not covered by policy or procedure and where you must make a judgment as to the appropriate course of action. In these circumstances you are encouraged to use our common sense and to contact your supervisor, manager or other appropriate person for guidance.

Conflicts of Interest

A conflict of interest occurs when an individual's private interest interferes, or appears to interfere, in any way with the interests of the Company. The ability to make objective business decisions can be compromised if employees have personal interests that conflict with Progress' interests. Conflicts of interest may also arise when an employee or a member of his or her family, receives improper personal benefits as a result of his or her position with Progress. Loans to, or guarantees of obligations of such persons are likely to pose conflicts of interest, as are transactions of any kind between the Company and any other organization in which you or a family member have an interest.

Employees are prohibited from personally benefiting from opportunities that arise through the use of corporate property, information or position and from using corporate property, information or position for personal gain.

In general, the private investment activities of employees are not prohibited, however, should an existing investment pose a potential conflict of interest the potential conflict should be disclosed to the President or the Board of Directors. Any such potential conflicts of interests will be dealt with openly with full disclosure of the nature and extent of the potential conflicts of interests with Progress.

It is acknowledged that employees may be directors or officers of other entities engaged in the oil and gas business and those entities may compete directly or indirectly with Progress. Any employee of the Company which is a director or officer of any entity engaged in the oil and gas business shall disclose such occurrence to the Board of Directors. Any employee of Progress who is actively engaged in the management of, or who own, entities shall disclose such holding to the Board of Directors. Passive investments in public or private entities of less than one per cent of the outstanding shares will not be viewed as "competing" with Progress.

In the event that any circumstance should arise as a result of such positions or investments being held or otherwise which in the opinion of the Board of Directors constitutes a conflict of interest which reasonably affects such person's ability to act with a view to the best interests of the Company, the Board of Directors will take such actions as are reasonably required to resolve such matters with a view to the best interests of the Company. Such actions, without limitation, may include excluding such employees from certain information or activities of the Company.

Confidentiality

In the normal course of business, employees may become aware of confidential information. Confidential information includes non-public information of a proprietary, technical, business, or financial nature. Confidential information may be internal or may be information from partners, or business associates. In all cases, employees must not disclose confidential information to any person outside of Progress unless authorized to do so and must take reasonable care to protect confidential information from theft or unauthorized access. All documents, files, maps, reports, manuals, computer programs, e-mail and other materials containing confidential business information is the property of Progress and may not be removed from Progress' offices or work sites without the consent

of the employee's supervisor. Employees are obligated to preserve the confidentiality of information entrusted to them even after they leave Progress, except when disclosure is authorized or legally mandated.

Privacy

In conducting our business, Progress needs to maintain records and information about its employees, contractors, vendors, landowners, shareholders and other business associates. We value and respect the rights of these individuals to personal privacy. We collect and use only information that is necessary for us to administer our business effectively, efficiently and in a safe and reliable fashion. This information is only for the appropriate internal use of Progress and will not be shared or used for other purposes unless permitted or required by law. Progress has developed a Privacy Policy, which sets forth our obligations in respect of maintaining records and information about its employees, contractors, vendors, landowners, shareholders and other business associates.

Insider Trading

The market price of Progress Energy's shares is based on public knowledge about our results and prospects. The markets rely on all participants having equal access to all public information. As employees, from time-to-time, we have material knowledge about Progress or another company that we do business with that has not yet been disclosed to the general public. Insider trading legislation prohibits individuals from trading on this information, or providing this information to others. Progress has developed a Disclosure, Confidentiality and Trading Policy, which sets forth our obligations in respect of trading in the Company's securities.

Accuracy of Progress Records and Reporting

Honest and accurate recording and reporting of information is critical to our ability to make responsible business decisions. Progress' production, land and accounting records are relied upon to produce reports for Progress' management, shareholders, creditors, government agencies and others. Our financial statements and the books and records on which they are based must accurately reflect all corporate transactions and conform to all legal and accounting requirements and our system of internal controls.

All employees have a responsibility to ensure the accuracy and completeness of records, reports and communications and the appropriateness of classification of transactions as to accounts and accounting periods. All transactions must be supported by the appropriate documentation and comply strictly with prescribed accounting policies, audit procedures and other such controls.

The Company believes in open access for its auditors and independent engineers to all of its documents and records and full and open communication with its auditors and independent engineers with respect to their engagement.

Business records and communications often become public through legal or regulatory investigations or the media. This applies to email, voice mail or memos and therefore employees should avoid recording inappropriate notes or comments that would embarrass

them or Progress should they be made public. Records should be retained and destroyed in accordance with the Company's Records Retention Policy.

Protection and Proper Use of Progress Assets

We are each entrusted with Progress assets that we must protect from loss, damage, misuse or theft. Progress' assets may only be used for legitimate business purposes and may never be used for illegal purposes. Any suspected incidents of fraud or theft should be immediately reported for investigation.

The obligation to protect Progress assets is not limited to physical assets but extends to proprietary information. Proprietary information includes any information that is not generally known to the public, would be helpful to our competitors, or harmful to our competitive positions. The obligation to preserve proprietary information continues even after you leave Progress.

Compliance with Antitrust Laws

The Company believes in fair and open competition, and strictly adheres to the requirements of antitrust laws. These laws generally prohibit collusion between firms and other unfair business conduct that would lessen competition.

Compliance with Environmental Laws

The Company takes its responsibility to conduct its business in a safe and reliable manner with respect for the environment very seriously. Progress will strictly comply with all environmental legislation in all aspects of our work. The Company will monitor its environmental performance and will look for ways to reduce and prevent waste, emissions, spills and other releases from our operations so as to minimize, wherever possible, our impact on the environment. If any employee has a question as to the applicability or meaning of a particular environmental, health or safety regulation, he or she should discuss the matter with a member of Progress' senior management.

Gifts and Entertainment

The exchange of gifts and entertainment is a common practice in most business communities and is designed to develop and foster goodwill among business partners. Accepting gifts and entertainment can cause problems when they compromise, or appear to compromise, our ability to make fair and objective business decisions. No gift or entertainment should be accepted, or offered, if it will unfairly influence a business relationship.

There are many factors that influence whether a gift or entertainment is normal and customary. Gifts or entertainment should be moderate, reasonable and in good taste, be of a style or value commonly accepted for business occasions and should not be unusual for the recipient's job or community. The exchange must not create an obligation or sense of obligation and should occur infrequently.

Business entertainment can present situations where discretion is required since some commonly accepted business invitations can include recreational opportunities or event tickets that are of significant value. In these cases the recipient should ensure that there is a valid business development reason for attending and that there will be representation from other business executives at the event. If the invitation is for an event where the value being received may be significant, officer approval is required, or in the case of the President, approval by the Chairman of the Board of Directors.

Use of E-mail and Internet Services

E-mail systems and internet services are provided to assist us in our work. Incidental and occasional personal use is permitted, but never for personal gain or any improper purpose. You must not access, send or download any information that could be insulting or offensive to another person, such as sexually explicit messages, unwelcome propositions, ethnic or racial slurs, or any other message that could be viewed as harassment.

Your messages (including voice mail) and computer information are considered company property and should not have any expectation of privacy. Unless prohibited by law, the Company reserves the right to access and disclose this information as necessary for business purposes. Use good judgment and do not access, send messages or store any information that you would not want to be seen or heard by other individuals.

The Company has a formal policy with regards to the use of Progress computers and information technology equipment that all employees are expected to be aware of and comply with. Violation of these policies may result in disciplinary actions up to and including termination of employment with Progress.

Political Activities and Contributions

We respect and support the right of our employees to participate in political activities of their choice provided that their involvement is kept separate from their role as an employee. Employees must take care to represent their views as their own and not the Company's.

There are laws and regulations pertaining to political contributions made both in dollars and in "kind". Where Progress deems appropriate, it may occasionally choose to make such contributions but only when authorized by the Chief Executive Officer, and only when the contribution is legal and appropriate for corporations such as Progress.

Reporting of Illegal or Unethical Behavior

We have a strong commitment to conduct our business in a lawful and ethical manner. Employees are encouraged to talk to supervisors, managers or other appropriate personnel when in doubt about the best course of action in a particular situation and to report any concerns they have about violations of laws, rules, regulations or this Code. Progress will not allow any retaliatory action against any employee who, in good faith, reports a possible violation or concern.

Discrimination and Harassment

We value the diversity of our employees and are committed to providing equal opportunity in all aspects of employment. Abusive, harassing or offensive conduct is unacceptable, whether verbal, physical or visual. Employees are encouraged to speak out when a co-worker's conduct makes them uncomfortable and to report harassment when it occurs.

Safety and Health

We are all responsible for maintaining a safe workplace by following safety and health rules and practices. Progress is committed to keep its workplaces free from hazards. Please report any accidents, injuries, unsafe equipment, practices or conditions immediately to a supervisor or other designated individual. Threats or acts of violence or physical intimidation are prohibited.

In order to protect the safety of all employees, employees must report to work free from the influence of any substance that could prevent them from conducting work activities safely and effectively. Employees and contractors using medication that may affect their work performance are required to notify their supervisor.

The use of illegal drugs and alcohol on the Company's premises and work sites is strictly prohibited. Employees or contractors found to be using or under the influence of illegal drugs or alcohol on Progress' premises or work sites will be immediately escorted off the premises or work site and shall be subject to disciplinary action or dismissal. Progress does organize employee social occasion where alcohol is served. On these occasions, Progress will offer prepaid taxi slips to each employee in attendance. Progress encourages every employee attending a social occasion who has consumed alcohol to not operate a motor vehicle.

Compliance with Laws, Rules and Regulations

Compliance with both the letter and the spirit of all laws, rules and regulations applicable to our business is critical to our reputation and continued success. All employees must respect and obey the laws of all jurisdictions in which we operate. Failure to comply with this Code will result in disciplinary action which may include termination of employment with Progress.

Procedures for Addressing Accounting Related Complaints

Progress is committed to providing plain, accurate, timely and full disclosure in all material accounting matters. We strive to ensure that our accounting practices and internal controls are in full compliance with the requirements of all relevant regulatory bodies. Employees are required to bring to management's or the Board of Directors' attention any concerns they may have in this area. Management is committed to treating any concerns or complaints seriously, and to acting on them quickly, thoroughly and objectively. At the same time, the employee bringing forward the concern will be treated with respect and will not face dismissal, demotion, suspension, or any other form of discrimination as a result of their diligence, regardless of the outcome, provided that the employee has acted lawfully and in good faith. Progress has a Whistle Blower Policy, which sets forth our obligations

in respect to accurate accounting, auditing or financial reporting.