

Onciul-Omelus, Jamie CITZ:EX

From: Greg Kist [gkist@progressenergy.com]
Sent: Saturday, October 20, 2012 1:42 PM
To: Hansen, Brian EMNG:EX
Subject: RE: Canada's decision
Attachments: Response to IC Oct 20 2012.pdf

Hi Brian,
 Please see our release attached.

We continue to believe the transaction will be approved and as noted have 30 days to work through that.

We are continuing to move our project forward and look forward to successfully completing the transaction.

Hope this finds you well and I look forward to catching up!

Greg Kist
 Vice President, Marketing, Corporate & Government Relations Progress Energy Resources Corp.
 403-539-1809 (office)
 403-860-6300 (cellular)

-----Original Message-----

From: Hansen, Brian EMNG:EX [<mailto:Brian.Hansen@gov.bc.ca>]
Sent: Saturday, October 20, 2012 1:05 PM
To: Greg Kist
Subject: Canada's decision

Hi Greg,
 Heard about the ruling. Disappointing news. Reaction by Petronas and next steps?
 Brian.

Sent from my iPhone

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NEWS RELEASE

Progress Responds to Investment Canada Announcement

Calgary, October 20th, 2012 (TSX – PRQ) – Progress Energy Resources Corp. (“Progress”) provided the following in response to the Minister of Industry’s announcement regarding the proposed acquisition of Progress by PETRONAS Carigali Canada Ltd.

The Board of Directors, management and employees of Progress are disappointed in the announcement. “Progress will be working over the next 30 days to determine the nature of the issues and the potential remedies” said Michael Culbert, President and Chief Executive Officer of Progress. “The long-term health of the natural gas industry in Canada and the development of a new LNG export industry are dependent on international investments such as PETRONAS’.”

About Progress

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

Contact:

Greg Kist, Vice President, Marketing, Corporate and Government Relations
Progress Energy Resources Corp.
403-539-1809 (gkist@progressenergy.com)

Advisory Regarding Forward-Looking Statements

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "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 timing of completion of the Arrangement, and receipt of governmental approvals.

The forward-looking statements and information are based on certain key expectations and assumptions made by Progress, including, among other things, the ability to obtain all required regulatory approvals for the Arrangement. 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 risk that the Arrangement may not close when planned or at all or on the terms and conditions set forth in the arrangement agreement; and the failure to obtain the necessary regulatory approvals required in order to proceed with the Arrangement.

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect Progress are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that the Company will derive there from. These forward-looking statements are made as of the date of this press release and the Company disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

Onciul-Omelus, Jamie CITZ:EX

From: Kelly Sinclair [ksinclair@national.ca]
Sent: Sunday, December 9, 2012 4:13 PM
Subject: On behalf of Michael Culbert, President & CEO, Progress Energy Ltd.
Attachments: Progress Energy ICA Approval_News Release.pdf

December 9, 2012

The attached news release was issued today welcoming the Canadian Minister of Industry's decision to approve PETRONAS's investment in Progress Energy. This is an important step for our business and it will help expand the development of Canadian natural gas for the global liquefied natural gas export market.

We are completely confident this transaction provides strong net benefit to Canada and we appreciate the time and effort the federal government has put in to this decision.

I look forward to speaking with you about how we plan to move forward with our business initiatives and advance the development of the Canadian natural gas industry.

Regards,

Michael R. Culbert
President & CEO
Progress Energy Ltd.
mculbert@progressenergy.com



PETRONAS and Progress Welcome Favourable Investment Canada Ruling

Canadian natural gas development and LNG export investment plans moving forward

Calgary, AB – December 9, 2012 – PETRONAS and Progress Energy Resources Corp. (Progress) welcome the Canadian Minister of Industry's decision to approve the acquisition of Progress by PETRONAS Carigali Canada Ltd. (PETRONAS Canada), which will help develop Canadian natural gas for the global liquefied natural gas (LNG) export market.

"This approval by the Canadian government marks a vital step in our plans to develop a LNG export business and opens promising new business opportunities for Progress, British Columbia and Canadian trade expansion," said Michael Culbert, President and CEO, Progress.

"Canada has great potential in the global LNG market – a growing market that's already worth more than \$300 billion per year. While international LNG trade is intensely competitive, new facilities such as our Pacific Northwest LNG project are vital to building Canada's market position," Culbert said.

PETRONAS Canada and Progress have now received all necessary regulatory approvals and the acquisition is scheduled to be completed on December 12, 2012. The acquisition will enable PETRONAS to secure long-term strategic gas resources and leverage on Progress' extensive experience in unconventional resource development to further grow its unconventional business. At the same time, PETRONAS will be bringing LNG experience and expertise in developing LNG infrastructure in Western Canada, thus further cementing its position as a major long term global LNG player.

PETRONAS' well-established and extensive network of LNG customers will add value to Canada's natural gas resources and provide a strategic alternative to the traditional North American natural gas market. This will also generate substantial economic benefits to the local communities in terms of employment, increasing skill levels and other economic multiplier benefits.

"Our growth plans include three major Canadian investment components: Pacific Northwest LNG, which is the construction of a LNG export facility on Lelu Island in the District of Port Edward, near Prince Rupert; the continued upstream development of natural gas production in the Montney region of northeast British Columbia and northwest Alberta; and the eventual installation of a natural gas transmission pipeline, built by a third-party pipeline company, to move natural gas from the production fields to the LNG export facility. These components will create thousands of well-paid jobs during construction of the facility and pipeline, as well as permanent, ongoing operating jobs throughout our LNG business, from the Montney region to the West Coast," said Tan Sri Dato' Shamsul Azhar Abbas, President and CEO of PETRONAS.

The partners recently announced that the Pacific Northwest LNG project is moving into the pre front-end engineering design (Pre-FEED) phase. The Pre-FEED phase will be undertaken to provide certainty around project scope and a further understanding of construction timelines, costs and labour force requirements. The estimated investment in the LNG export facility is expected to be between \$9 billion and \$11 billion, depending on the final project scope. The construction phase would result in up to 3,500 direct jobs and the long-term operations of the facility would result in 200 to 300 direct jobs. Overall, Pacific Northwest LNG plus the upstream and midstream investments represent significant revenue and royalties to the provincial and federal governments, and the opportunity for significant economic benefits to the local First Nations and communities. A final investment decision for the project continues to be expected in late 2014, followed by the first LNG exports in 2018.

Pacific Northwest LNG will be opening an office in Vancouver, British Columbia, in early 2013 and will be growing its project team. More information, including a project backgrounder, is available at www.pacificnorthwestlng.com.

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

Progress is a Canadian 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.

Advisory Regarding Forward-Looking Statements

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "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, the anticipated timing of the closing of the acquisition of Progress by PETRONAS Canada; PETRONAS Canada's plans for Progress following completion of the acquisition; plans regarding Progress' Pacific Northwest LNG project, the continued development of the Progress Montney assets and the installation of a transmission pipeline and the benefits to be obtained therefrom, including: the pace of project development; the impact of expansion on productivity and upstream efficiencies; the benefits to be obtained by the provincial and federal governments, local First Nations and communities and others as a result of the project; the timing for the final investment decision; the timing of anticipated project completion; plans to open a project office in Vancouver and the timing thereof; plans to increase the project team; estimated total

project costs; and the number of jobs created for project construction and long-term operations as a result of Progress' planned LNG business.

The forward-looking statements and information are based on certain key expectations and assumptions made by Progress and PETRONAS, including, among other things, expectations and assumptions concerning prevailing commodity prices and exchange rates, applicable credits, royalty rates and tax laws; the performance of existing wells; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; receipt of all required regulatory approvals; 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 risk that the Pacific Northwest LNG project is not completed on the terms described or at all; delays or changes in plans with respect to the project; failure to receive all required regulatory approvals; failure to realize the anticipated benefits of the Pacific Northwest LNG project; and changes in legislation, including but not limited to tax laws, royalties and environmental regulations; the risk that the transaction between Progress and PETRONAS may not close when planned or at all or on the terms and conditions set forth in the arrangement agreement.

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).

Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide security holders with a more complete perspective on Progress' future operations in respect of the Pacific Northwest LNG project and such information may not be appropriate for other purposes. Progress' actual results, performance or achievement and the benefits to be derived from the project 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 others 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 Progress 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.

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For more information:

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OCT 11 2012

Ref. 73657

The Honourable Christian Paradis
Minister of Industry
Industry Canada
235 Queen Street
Ottawa, ON K1A 0H5

Dear Minister Paradis:

I write with respect to the application before your government by PETRONAS Carigali Canada Ltd. (PETRONAS) seeking approval to acquire control of Progress Energy Resources Corporation (Progress).

PETRONAS has initiated planning with Progress to build a liquefied natural gas plant on British Columbia's north coast, and has commenced formal discussions with the Province and BC Hydro. This project would add significant long-term economic benefits to British Columbia and Canada, alongside benefits that would accrue to First Nations and local and regional communities. Accordingly, the Government of British Columbia supports the proposal by PETRONAS to acquire control of the Canadian business carried on by Progress.

PETRONAS is one of the largest oil and gas companies in the world, with significant financial resources and strong financing capabilities. As of December 31, 2011, it had total assets of \$153.6 billion.

Progress will remain headquartered in Calgary and will retain its Canadian resident executive officers. PETRONAS' proposed investment will allow the retention of current staffing levels (156 in Alberta and 75 in British Columbia) and develop the need for additional staff, anticipated to increase three to five percent per year.

PETRONAS intends to maintain current capital expenditure plans for liquefied natural gas facilities and increase capital expenditures directed to those facilities past 2015. It also intends to significantly increase Progress' capital expenditures for upstream oil and natural gas activities from 2013 to 2015. This increase will provide an opportunity for increased exploration and development of oil and natural gas reserves.

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Ministry of
Energy, Mines & Natural Gas
and Deputy Premier

Office of the Minister

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PETRONAS will also identify opportunities to apply its global technological and operational expertise, including liquefied natural gas development. With its operations worldwide, PETRONAS will look at enhancing the productivity and efficiency of Progress' operations and optimize future field development.

It is my hope that you will support the proposal submitted by PETRONAS to acquire control of the Canadian business carried on by Progress.

Sincerely yours,

A handwritten signature in black ink, appearing to be 'Rich Coleman', with a long horizontal stroke extending to the right.

Rich Coleman
Minister and Deputy Premier

MINISTRY OF ENERGY, MINES AND NATURAL GAS

BRIEFING NOTE FOR INFORMATION

I PREPARED FOR: Honourable Rich Coleman, Minister of Energy, Mines and Natural Gas

II ISSUE: Overview of Nexen Inc. Attendees: Pierre Alvarez, Vice President Corporate Relations, Brian Humphreys, Vice President Government Relations and Doug Dreisenger, Vice President Energy Marketing.

III BACKGROUND:

Nexen, a medium sized producer in British Columbia, is a global energy company headquartered in Calgary, Alberta that has three principal businesses: conventional oil and gas, oil sands and shale gas. Nexen has plans to expand its shale gas reserves and production in Alberta, Saskatchewan, and British Columbia. Internationally, the company is developing energy resources in the UK North Sea, offshore West Africa and the Gulf of Mexico.

The company's unconventional gas strategy focuses on the Horn River Basin in northeastern British Columbia. In 2010 approximately 25 percent of the company's Canadian production (excluding Alberta's Athabasca oil sands) was from shale gas properties in the Horn River. In that same year, Nexen doubled its prospective shale gas acreage in northeast British Columbia, now holding over 300,000 acres of shale assets in the Horn River (~90,000 acres), Cordova (~82,000 acres), and Liard (~128,000 acres) basins (illustrated in the Appendix).

Expansion in Horn River is currently underway and will help meet Nexen's expectations to increase gross production capacity to about 175 mmcf/d by late 2012. In the Cordova basin, Nexen has drilled two horizontal wells since 2008 and continues to gather information and knowledge through a series of drilling, well completion and production testing programs. With regards to the Liard basin, Nexen is still in the initial planning and exploratory stages of development. Drilling in the Liard basin is expected to commence late 2013.

IV DISCUSSION:

Tenure

Nexen is an active participant in the British Columbia Tenure Working Group and has been involved in consultations with the Ministry of Energy, Mines and Natural Gas (the Ministry) on potential changes to the tenuring provisions of the *Petroleum and Natural Gas Act* (PNG Act). Nexen has provided detailed comments to the Ministry on its most recent policy position paper on potential changes to the PNG Act. These comments were largely supportive of the Ministry's proposed direction on changes to tenure policy, although Nexen did identify the rules for grouping drilling licenses as a key concern for the company.

The Ministry is currently working with the Canadian Association of Petroleum Producers (CAPP) to form a small task group to support the ongoing review of the PNG Act. Participants in this group would be bound by a confidentiality agreement and would provide industry comments on draft changes to the PNG Act. A similar model was used successfully during the development of the Oil and Gas Activities Act. Nexen has asked to participate in this task group for which CAPP is responsible for identifying the members. The Ministry looks forward to continuing to work with Nexen as it explores potential changes to the tenuring provisions of the PNG Act.

Nexen currently holds 40 titles in British Columbia.

Acquisition

In July 2012, the Chinese National Offshore Oil Company Limited (CNOOC) announced that it was proposing to buy Canada-based Nexen in a US\$15.1 billion deal. CNOOC, a public company with shares listed on the New York and Hong Kong stock exchanges, is China's largest producer of offshore crude oil and natural gas and one of the largest independent oil and gas exploration and production companies in the world.

Industry Canada and the Competition Bureau are currently reviewing the proposal. This takeover falls under the *Investment Canada Act* which requires Canada to receive a "net benefit" in deals of this magnitude. Shares of Nexen have been trading well below CNOOC's \$27.50 per share offer, a 61 percent premium to the price of Nexen shares before the bid, due to concerns that public opposition will keep the deal from passing the review process. As of November 20, 2012 the stocks closed at \$ 25.14 in Toronto.

Nexen shareholders voted to approve the takeover; however, various concerns have been raised by the Canadian Federal Government on both sides of the House of Commons. The Canadian Federal Government has proposed conditions on the acquisition related to management and employment. On November 20, 2012 it was reported in media that CNOOC accepted these conditions. Some members of the United States Congress believe the United States Federal Government should block the transfer of Nexen's offshore leases to CNOOC on the grounds of maintaining national security and that some of the offshore leases were issued under a program that offered royalty-free production.

While it is believed that the deal would bring limited direct financial benefits to the already strong Nexen, one of the main benefits to this deal may be the strengthening of Canada-China relations.

Oil

Nexen is a funding participant in the Enbridge Northern Gateway pipeline and has signed an agreement committing to volumes of oil.

Liquefied Natural Gas (LNG)

In November 2011, Nexen entered into a joint venture agreement to sell a 30 percent non-operated interest in its northeast British Columbia shale gas lands for \$700 million to a consortium led by INPEX Corporation of Japan. The sale has now closed with Nexen's interest in the shale gas lands falling to 60 percent.

Nexen has confirmed that regardless of whether the CNOOC acquisition is approved by Canada, they intend to proceed with their partner INPEX with a liquefaction facility in British Columbia and have been working directly with the LNG Task Force on identifying a suitable site for development purposes.

Nexen had responded to a Request for Expressions of Interest for land within the Prince Rupert Port Authority jurisdiction, but understood they placed 2nd behind PETRONAS/Progress and British Gas who have confirmed sites on Lelu Island and Ridley Island respectively.

S13, S16, S17

V CONCLUSION:

Nexen's large land position, emerging partnerships, and significant ongoing investments in the Province confirm the company's confidence in investing in British Columbia. CNOOC's recent proposition shows that potential in British Columbia's energy market is being recognized overseas

s.13

s.13, S17

PREPARED BY:

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(250) 953-3735
OGD

APPROVED BY:

Linda Beltrano, ED, OGD
Steve Carr, DM

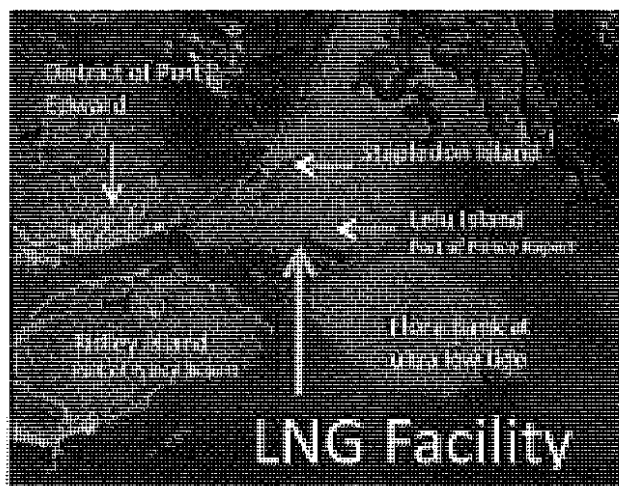
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✓

Brian Hansen, ADM
250 952 0124

BRIEFING NOTE FOR INFORMATION

II ISSUE: Update on PETRONAS/Progress Energy. Attendees: Greg Kist, Vice President Marketing, Corporate and Government Relations, Progress Energy and Tessa Gill, Head, Stakeholder Management – Liquefied Natural Gas (LNG) Development, PETRONAS

- PETRONAS has operations in more than 30 countries, ranks the 86th largest in the world and is the 6th most profitable in oil and gas companies.
- Progress Energy is the largest holder of Montney shale gas with 700,000 continuous acres and the company is one of British Columbia's most active drillers.
- The natural gas pipeline supporting this project is estimated to be 900 KM with potential for a common pipeline corridor.
- The PETRONAS/Progress Energy project has forecasted 3,000 – 3,500 direct and indirect jobs during construction and 200-300 when in operation, with an estimated capital expenditure of 8-10 billion.
- PETRONAS/Progress Energy LNG has exclusive rights to the federally administered Lelu Island in Port Edward, near Prince Rupert.
- The LNG export facility is investigating 2+1 trains producing 7.4 million tons of liquefied natural gas per year.
- Project Description filing is expected in Q1, 2013 and final investment decision in Q4, 2014. The project is currently conducting feasibility, environmental and social impact studies. The proponent is also a financial contributor to the Coastal First Nations Marine Traffic Study.
- The Public and stakeholder engagement program commenced November 6, 2012 in Prince Rupert and November 7, 2012 in Port Edward. Open houses were well attended with no critical issues being identified.



IV DISCUSSION:

- On June 28, 2012 PETRONAS and Progress Energy Resources Corp. announced that PETRONAS' Canadian subsidiary and Progress have entered into an agreement for the purchase Progress at a value of C\$5.5 Billion.
- On October 19, 2012 PETRONAS' offer to purchase Canada's Progress Energy was denied by Industry Canada citing the Minister was not convinced the proposed takeover would be a "net benefit" to Canada.
- PETRONAS has resubmitted to Industry Canada with additional information.
- A decision on the acquisition is expected by November 30, 2012.
- Currently in negotiations with two pipeline companies, with an expectation to arrive at a project development agreement with the selected proponent in January 2013.

s.13, s.16

- Progress Energy has commenced discussions with First Nations interests, which include the same negotiators that currently support the Haisla transactions.

IV CONCLUSION:

s.13, S16

DRAFTED BY:

Brian Hansen, ADM
Suzanne Manahan, ED
250-952-0124

APPROVED BY:

Steve Carr, DM ✓



November 1, 2012

The Honourable Christian Paradis
Minister of Industry
Industry Canada
235 Queen Street
Ottawa, ON K1A 0H5

Dear Minister Paradis:

I am following up on the Government of Canada's decision to deny the application by PETRONAS Carigali Canada Ltd. (PETRONAS) to acquire control of Progress Energy Resources Corporation (Progress). I stand by my statement that the Government of British Columbia supports the proposal by PETRONAS to acquire control of the Canadian business carried on by Progress.

As stated in my October 11th, 2012 letter to you, the proposed joint PETRONAS and Progress Liquefied Natural Gas (LNG) project would add significant long term economic benefits to British Columbia and Canada, alongside benefits that would accrue to First Nations, and local and regional communities.

Progress will remain headquartered in Calgary and will retain its Canadian resident executive officers. PETRONAS' proposed investment will allow the retention of current staffing levels (156 in Alberta and 75 in British Columbia) as well as develop need for additional staff; anticipated increase of 3-5% per year.

PETRONAS intends to maintain current capital expenditure plans for LNG facilities and to increase capital expenditures directed to those facilities past 2015. It also intends to significantly increase Progress' capital expenditures for upstream oil and natural gas activities from 2013 to 2015. This increase will provide an opportunity for increased exploration and development of oil and natural gas reserves.

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Ministry of
Energy, Mines & Natural Gas
and Deputy Premier

Office of the Minister

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EGM-2013-00003

PETRONAS will identify opportunities to apply its global technological and operational expertise, including for LNG development. With worldwide operations, PETRONAS has the ability to look at enhancing the productivity and efficiency of Progress' operations and to optimize future field development, both of net benefit to British Columbia.

It is my hope that you will reconsider your Government's decision of the proposal submitted by PETRONAS to acquire control of the Canadian business carried on by Progress.

Sincerely yours,

A handwritten signature in black ink, appearing to be 'RC' with a horizontal line extending to the right.

Rich Coleman
Minister of Energy, Mines and Natural Gas
and Deputy Premier