

## FORTRESS ENERGY ANNOUNCES THIRD QUARTER 2009 FINANCIAL AND OPERATING RESULTS

**CALGARY, ALBERTA**--(Marketwire – November 13, 2009) – Fortress Energy Inc. ("Fortress" or the "Company") (TSX:FEI) today announced its financial and operating results for the third quarter ended September 30, 2009. The table below summarizes the Company's key results achieved during the three and nine month periods ended September 30, 2009:

### FINANCIAL AND OPERATING SUMMARY

	Three months ended September 30,				Nine months ended September 30,			
	2009		2008		2009		2008	
	(\$000s)	\$/boe	(\$000s)	\$/boe	(\$000s)	\$/boe	(\$000s)	\$/boe
Petroleum and natural gas sales	4,240	40.53	5,802	42.64	13,791	40.90	18,670	48.58
Royalties	135	1.29	(1,158)	(8.51)	(785)	(2.33)	(3,421)	(8.90)
Operating costs	(1,757)	(16.81)	(2,139)	(15.72)	(5,427)	(16.10)	(5,565)	(14.48)
Transportation	(197)	(1.88)	(258)	(1.90)	(692)	(2.05)	(707)	(1.84)
Operating netback <sup>(1)</sup>	2,421	23.13	2,247	16.51	6,887	20.42	8,977	23.36
General and administrative expenses	(726)	(6.94)	(652)	(4.79)	(2,087)	(6.19)	(1,706)	(4.44)
Professional fees	(114)	(1.09)	(122)	(0.90)	(602)	(1.79)	(459)	(1.19)
Bad debts	17	0.16	28	0.21	(162)	(0.48)	81	0.21
Interest expense	(187)	(1.79)	(308)	(2.26)	(640)	(1.90)	(1,049)	(2.73)
Current income tax expense	(18)	(0.17)	-	-	(54)	(0.16)	-	-
Funds from operations <sup>(1)</sup>	1,393	13.30	1,193	8.77	3,342	9.90	5,844	15.21
Unrealized gain (loss) on commodity contracts	(1,855)	(17.73)	4,323	31.77	(358)	(1.06)	1,333	3.47
Depletion, depreciation and accretion	(2,942)	(28.12)	(3,805)	(27.97)	(10,450)	(30.98)	(10,627)	(27.65)
Ceiling test impairment	-	-	-	-	(14,276)	(42.34)	-	-
Stock-based compensation expense	(108)	(1.03)	(77)	(0.57)	(235)	(0.70)	(149)	(0.39)
Gain (loss) on sale of pipeline asset	-	-	124	0.91	-	-	(428)	(1.11)
Income (loss) before future income taxes	(3,512)	(33.58)	1,758	12.91	(21,977)	(65.18)	(4,027)	(10.47)
Future income tax recovery (expense)	(275)	(2.63)	(688)	(5.06)	3,592	10.65	898	2.34
Net income (loss)	(3,787)	(36.21)	1,070	7.85	(18,385)	(54.53)	(3,129)	(8.13)
Sales volume (boe/d)	1,137		1,478		1,235		1,403	

<sup>(1)</sup> Non-GAAP measures. The terms "funds from operations" and "operating netback" are not recognized measures under GAAP. Management believes that in addition to net income, funds from operations and operating netback are useful supplemental measures as they provide an indication of the results generated by the Company's principal business activities before the consideration of how those activities are financed. Investors are cautioned, however, that these measures should not be construed as alternatives to net income determined in accordance with GAAP. The Company's method of calculating funds from operations may differ from that of other companies, and, accordingly it may not be comparable to measures used by other companies. The Company calculates funds from operations by taking cash flow from operating activities as determined under GAAP before changes in non-cash operating working capital and abandonment expenditures. Operating netback is calculated on a per boe basis taking petroleum and natural gas sales and deducting royalties, operating expenses and transportation expenses.

The Company's the financial statements, management's discussion and analysis and notes to the financial statements for the third quarter of 2009 are available on the Company's website ([www.fortressenergy.ca](http://www.fortressenergy.ca)) or SEDAR ([www.sedar.com](http://www.sedar.com)).

## Highlights

During the quarter Fortress has:

- Entered into a letter of intent to acquire its partners 50% working interest in its Square Creek property. The acquisition closed on October 23, 2009 subsequent to the end of the third quarter.
- Closed a public offering of 21,779,000 units ("Units") and 6,594,000 flow-through common shares (total common shares issued of 28,373,000) for gross proceeds of \$11,385,185 (\$10,287,000 net of issuance costs). Each Unit consists of one common share of the Company and one common share purchase warrant. The warrants are exercisable on or before September 30, 2011. Each warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.55.
- AECO natural gas prices averaged \$3.00 per mcf, and Fortress was able to enjoy the benefits of its forward sale to receive an average price of \$6.65 per mcf during the quarter.
- Continued to restrict production at Square Creek to net 2.6 mmcf/d until commodity prices improve.
- Used the period of low gas prices to perform maintenance at Buick Creek and re-route gas production at Velma resulting in production of approximately 1.2 mmcf/d being shut-in during the period.
- The Company has taken several key steps to materially reduce operating costs including the purchase of a rented compressor, camp, rig mats and other rented equipment at Square Creek. In addition, the Company replaced the field operations contractor at Square Creek, effective August 1<sup>st</sup>, and replaced the field operations contractor at the third party facility at Clear Prairie that processes the Company's Square Creek production effective November 1<sup>st</sup>.
- The Company has given formal notice to the contract operator of its Ladyfern and Mearon properties that it will be terminating its agreement with it and consequently taking back all field operations of these properties effective December 1, 2009 thereby improving well operation reliability and further reducing operating costs.
- Fortress will begin to increase its natural gas production in the fourth quarter as gas prices improve. Current production is approximately 10 mmcf per day.

## Board Appointment

The Company is pleased to announce the appointment of Mr. Ronald McIntosh to the Board of Directors, effective November 10, 2009. Mr. McIntosh has extensive oil and gas and board experience. His work experience has included leadership roles in Canada and the United States as well as internationally. He was President and CEO of Navigo Energy from 2002 until 2004 and oversaw its conversion into NAV Energy Trust and C1 Energy. Prior to that he held leadership roles including Senior Vice President and COO of Gulf Canada Resources, Vice President, Exploration and

International of Petro Canada, Executive Vice President and COO of Amerada Hess Canada, and Senior Vice President of AEC Oil and Gas. He is currently board Chairman of North American Energy Partners inc. and a director of Advantage Oil and Gas Inc. He has been a director of Search Energy, Crispin Energy, NAV Energy Trust, Advantage Energy Income Trust, Tasman Exploration and Rocco.

Mr. Bailey said "We are very pleased to have Mr. McIntosh join the board, his experience and knowledge of the Canadian industry will be a significant asset to the Company."

### **Outlook for Natural Gas Prices**

Fortress continues to remain optimistic about the outlook for North American natural gas prices despite the large inventories that have accumulated during the injection season. The low drilling activity in Canada in beginning to have a significant impact on Canadian production currently at approximately 13 bcf per day down from a peak of approximately 17 bcf per day reached in April 2006. This has diminished the ability of Canadian natural gas to make up a portion of the supply necessary to meet strong gas demand in the United States. The focus on shale gas development has prolonged the timeline when we expected to greater evidence of natural declines however, Fortress believes that there are not enough natural gas wells being drilled in North America to replace natural gas production declines. Readers are encouraged to visit Fortress's web site [www.fortressenergy.ca](http://www.fortressenergy.ca) for its evaluation of North American Natural Gas Markets.

### **BOE Presentation**

Natural gas reserves and volumes recorded in thousand cubic feet are converted to barrels of oil equivalent ("boe") on the basis of six thousand cubic feet ("mcf") of gas to one barrel ("bbl") of oil. The term "barrels of oil equivalent" may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf to 1 bbl is based on an energy equivalent conversion method primarily applicable at the burner tip and does not represent a value equivalent at the wellhead.

### **Caution to Reader**

This news release contains forward-looking information. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable by Fortress at the time of preparation, may prove to be incorrect. The actual results achieved in future periods will vary from the information provided herein and the variations may be material. Consequently, there is no representation by Fortress that actual results achieved during future periods will be the same in whole or in part as the information contained herein.

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