

Fortress Energy Inc. Enters into Letter of Intent to Acquire a Significant Producing Natural Gas Property and Intends to Establish Regular Dividends

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Fortress Energy Inc. (FEI:TSX) (“Fortress” or the “Company”) is pleased to announce that it has entered into a Letter of Intent (“LOI”) to acquire a 100% working interest in a significant producing natural gas property located in the Boyer area of Alberta.

Acquisition Highlights

- 27 Mmcf/d of natural gas production (4,500 boe/d)
- Proven and Probable Reserves of 136 Bcf
- Reserve life Index of 13.8 years and 8% annual decline rates
- Over 200 development drilling locations identified and production enhancement projects
- Over 787,000 acres of contiguous land
- 100% working interest, including the gathering and processing facilities
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Corporate Highlights

- Long life natural gas assets with pro forma production of 37 Mmcf/d (6,100 boe/d)
- Aggressive hedging strategy
- Proven acquire and exploit strategy
- Plan for sustainable dividends to shareholders

The Acquisition - Boyer

The Boyer property consists of approximately 1.0 Tcf of Original Gas-In-Place (“OGIP”) located in an area consisting of 787,000 contiguous acres of land. Since being placed on stream in 1988, approximately 370 Bcf of natural gas has been recovered. Based on a reserve evaluation by GLJ Petroleum Consultants Ltd. dated December 31, 2009 the total estimated proved and probable reserves is 136 Bcf. Production from the area is approximately 27 Mmcf/d (4,500 boe/d) mainly from the Bluesky formation. Fortress will also own and operate 100% of the area infrastructure, which includes all gathering systems and gas processing facilities servicing the wells. Based on the current production rate the proven plus probable reserve life index is 13.8 years. The current estimated decline rate of the property is approximately 8% per annum. The Company has identified numerous opportunities for production optimization involving field booster compression, plunger lift, or hydraulic submersible pumps, as well as infill drilling in order to maximize recovery from the field.

The agreed upon consideration with the Vendor for the property is \$170 million. The acquisition is subject to the execution of a formal purchase and sale agreement in due course and is also subject to financing and regulatory approval.

Canaccord Financial Ltd. is acting as financial advisor to Fortress in connection with the acquisition.

GLJ Petroleum Consultants Ltd. has provided Fortress with a reserve valuation effective December 31, 2009 evaluating the reserves attributable to the Boyer assets.

**SUMMARY OF OIL AND NATURAL GAS RESERVES
AND NET PRESENT VALUES OF FUTURE NET REVENUE AS OF DECEMBER 31,
2009
FORECAST PRICES AND COSTS⁽¹⁾**

Reserves Category	RESERVES					
	Light and Medium Oil		Natural Gas		Natural Gas Liquids	
	Gross (Mbbbls)	Net (Mbbbls)	Gross (MMcf)	Net (MMcf)	Gross (Mbbbls)	Net (Mbbbls)
PROVED:						
Developed Producing	-	-	87,686	82,447	-	-
Developed Non-Producing	-	-	14,903	14,121	-	-
Undeveloped	-	-	7,661	7,246	-	-
TOTAL PROVED	-	-	110,251	103,815	-	-
PROBABLE	-	-	25,823	24,263	-	-
TOTAL PROVED PLUS PROBABLE	-	-	136,074	128,078		

Reserves Category	Net Present Values of Future Net Revenue Before Income Taxes Discounted at (%/year)				
	0%	5%	10%	15%	20%
	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)
PROVED:					
Developed Producing	310,940	233,149	185,353	153,747	131,586
Developed Non-Producing	71,476	38,656	21,472	11,880	6,214
Undeveloped	22,999	13,817	8,289	4,808	2,533
TOTAL PROVED	405,415	285,622	215,115	170,435	140,322
PROBABLE	157,947	78,000	44,644	28,743	20,245
TOTAL PROVED PLUS PROBABLE	563,363	363,622	259,759	199,178	160,577

Note:

⁽¹⁾ Based on the GLJ Petroleum Consultants Ltd. forecast prices effective January 1, 2010.

Fortress Energy Inc.

Upon completion of the Boyer acquisition Fortress will have approximately 37 Mmcf/d of natural gas production from three core areas, Boyer, Square Creek and Ladyfern which it operates and has an average working interest of 95%. Fortress has \$90 million of tax pools and upon completion of the acquisition will have \$260 million of total tax pools to shelter future income taxes. It is the intention of Fortress to establish a regular quarterly dividend amounting to up to 50% of its free cash flow.

Fortress has actively sold forward its natural gas production and commenced an aggressive forward sale program in August 2008. Fortress was able to sell forward 4.6 Mmcf/d being 60% of its then production at a price which realized \$8.30 per mcf from November 1, 2008 until March 31, 2010. Throughout the 2009/2010 winter, Fortress has sold forward 6.3 Mmcf/d, 60% of its current production at a price of \$6.20 per mcf from April 1, 2010 to December 31, 2010. It is the intention of Fortress to continue to be aggressive with its forward sale strategy to ensure a steady stream of dividends to shareholders.

Mr. Bailey President of Fortress said that, "The acquisition is an opportunity to purchase natural gas assets at less than the cost to drill for reserves. Our shareholders will be able to enjoy cash distribution in the form of dividends from distribution of the cash flow generated from Fortress's long life natural gas assets. This is a unique opportunity with numerous investment projects to maintain and grow production volumes."

Fortress Current Operations

In October 2009, Fortress acquired its partner's 50% working interest in the Square Creek property providing it with 100% working interest. Since that time Fortress has modified operations in the field in order to significantly reduce operating costs, and has increased flow rates from 5.4 Mmcf/d to as much as 8.5 Mmcf/d, restricted only by facility constraints at the Clear Prairie Facility through which the gas is produced.

During the fourth quarter of 2009, the maximum flow rates through the Square Creek facility has reached a sustainable rate of 8.5 Mmcf/d but has averaged rate of approximately 7.5 Mmcf/d due to down time caused from wellhead failure of a well in the Square Creek which has since been repaired. The Clear Prairie Facility through which the Square Creek volumes are processed has restricted Fortress natural gas volume to 7.5 Mmcf/d to allow processing other third party gas through the facility.

Current production is approximately 10.5 Mmcf/d with behind pipe production capacity of 1.5 Mmcf/d caused from restricted production at the Clear Prairie Facility and shut-in volumes at Buick Creek which are currently being restored.

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, including without limitation statements concerning the completion of the asset acquisition, the completion of the financing, the plan to pay dividends and the intention to hedge production. 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. In respect of the forward looking information provided herein, the Company has assumed that the acquisition will close, it will be able to finance the acquisition and it will be able to sell forward sufficient production at an acceptable price. There are risks associated with the forward looking statements including completion of the acquisition, the ability to obtain financing on acceptable terms, the continued performance characteristics of the oil and gas properties including production levels and the associated cash flow there from and the ability to hedge its production in sufficient volumes and at acceptable prices. Consequently there is no representation by Fortress that it will close the proposed acquisition, complete the financing, maintain current production levels, hedge its future production or pay dividends.

In addition there is no representation by Fortress that the actual results achieved during future periods will be the same in whole or in part as the information contained herein.

This press release shall not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. The common shares of Fortress have not and will not be registered under the *United States Securities Act of 1933*, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold in the United States or to any U.S. person except in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

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