

FORTRESS ENERGY ANNOUNCES FIRST QUARTER 2010 FINANCIAL AND OPERATING RESULTS

CALGARY, ALBERTA--(Marketwire – May 13, 2010) – Fortress Energy Inc. ("Fortress" or the "Company") (TSX: FEI) today announces its financial and operating results for the first quarter of 2010. The Company's financial statements, management's discussion and analysis and notes to the financial statements for the three months ended March 31, 2010 are available on the Company's website (www.fortressenergy.ca) or SEDAR (www.sedar.com).

FINANCIAL AND OPERATING SUMMARY

	Three months ended March 31,			
	2010		2009	
	(\$000s)	\$/Mcf	(\$000s)	\$/Mcf
Petroleum and natural gas sales	6,148	6.58	5,206	7.47
Royalties	(585)	(0.63)	(478)	(0.69)
Operating expenses	(2,225)	(2.38)	(1,815)	(2.60)
Transportation expenses	(348)	(0.37)	(246)	(0.35)
Operating netback ⁽¹⁾	2,990	3.20	2,667	3.83
General and administrative expenses	(723)	(0.77)	(722)	(1.04)
Professional fees	(98)	(0.11)	(151)	(0.22)
Bad debts	(3)	-	(142)	(0.20)
Interest expense	(454)	(0.49)	(241)	(0.35)
Current income tax expense	(13)	(0.01)	(18)	(0.03)
Funds from operations before transaction costs	1,699	1.82	1,393	1.99
Transaction costs	(494)	(0.52)	-	-
Funds from operations ⁽¹⁾	1,205	1.30	1,393	1.99
Unrealized gain on commodity contracts	2,261	2.42	2,418	3.47
Depletion, depreciation and accretion expense	(3,419)	(3.67)	(3,813)	(5.47)
Ceiling test impairment	(10,715)	(11.47)	-	-
Stock-based compensation	(94)	(0.10)	(79)	(0.11)
Loss before future income taxes	(10,762)	(11.52)	(81)	(0.12)
Future income tax reduction	750	0.80	88	0.13
Net (loss) income	(10,012)	(10.72)	7	0.01
Sales volume (Mcf/d)	10,374		7,752	

⁽¹⁾ 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 Mcfe basis taking petroleum and natural gas sales and deducting royalties, operating expenses and transportation expenses.

Highlights

- Achieved production volumes of 10.4 MMcfe/d for the quarter compared to 7.8 MMcfe/d for the first quarter of 2009 - an increase of 34 percent.
- Achieved funds from operations for the quarter of \$1,699,000 (before giving effect to transaction costs of \$494,000 related to the proposed acquisition of the Boyer property and related financing) compared to \$1,393,000 for the first quarter of 2009 - an increase of 22 percent.
- Took several key steps in 2009 to materially reduce operating costs at Square Creek including replacing the field operations contractor at the third party facility that processes the Square Creek production effective November 15th. Unit operating costs were \$2.38/Mcf for the quarter compared to \$2.60/Mcf for the first quarter of 2009 - a reduction of 9 percent. Further reductions in operating costs are expected to be realized in the next two quarters.
- AECO natural gas prices averaged \$4.94/Mcf for the first quarter. Fortress was able to enjoy the benefits of its forward sale to receive an average price of \$6.58/Mcf for the quarter.

Natural Gas Price Outlook for 2010

The Company's views of natural gas price outlook and the North American natural gas supply and demand fundamentals can be obtained at:

<http://www.fortressenergy.ca/files/NANG%20Production%20Declines.pdf>

<http://www.fortressenergy.ca/files/NANGM%20April%2010th%202010.ppt>

Boyer Acquisition

It is the intention of Fortress to pursue a strategy of acquiring oil and gas assets and distributing a portion of its cash flow from operations as a regular quarterly dividend. On March 4, 2010, Fortress announced that it had entered into a Letter of Intent to acquire a significant natural gas property located in the Boyer area of Alberta. It was a condition under the Letter of Intent that the Company file a final prospectus in relation to financing a portion of the purchase price for the Boyer assets on or before April 26, 2010. Due to current market conditions and the resulting delays in financing Fortress was unable to satisfy this condition. As a result, Fortress was informed on April 27, 2010 that the Letter of Intent had been terminated.

Fortress continues to pursue financing options for the Boyer assets and intends to resubmit an offer to the vendor. The vendor has no obligation to consider any revised offer and there is no certainty that they will do so.

The Company is actively pursuing other transactions and business combinations to allow it to provide distributions to shareholders by way of a dividend.

Risk Mitigation and Hedging

The Company has continued with an aggressive hedge program and has sold forward 60% of its current production of 10.5 MMcfe/d from April 1, 2010 to December 31, 2010 at \$6.20/Mcf. In addition, Fortress has sold forward 6.3 MMcf/d of production from January 1 to March 31, 2011 at \$5.59/Mcf and 4.7 MMcf/d from April 1, 2011 to December 31, 2011 at \$5.41/Mcf.

Natural Gas, Crude Oil and Natural Gas Liquids (NGL) Conversions

Certain crude oil and NGL volumes have been converted to cubic feet equivalent (cfe) on the basis of one barrel (bbl) to six thousand cubic feet (Mcf). Cfe may be misleading, particularly if used in isolation. A conversion ratio of one bbl to six Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent value equivalency at the well head.

Caution to Reader

This news release contains forward-looking information, including without limitation statements concerning the expected reduction of operating costs, the Company's views on natural gas price outlook and natural gas supply, the completion of the asset acquisition or other transactions and business combinations, the completion of the financing alternatives, and the plan to pay dividends. 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 it will be able to renegotiate the Boyer offer or that other transactions will be available, it will be able to finance such a transaction and obtain replacement credit facilities, that it will be able to institute operational improvements to increase production and reduce costs, and that commodity prices will stabilize. There are risks associated with the forward-looking statements including the completion of a transaction, 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, fluctuations in commodity prices, and the ability to improve operations. Consequently there is no representation by Fortress that it will complete any transaction, complete a financing, maintain production levels, 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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