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## FORTRESS ENERGY ANNOUNCES THIRD QUARTER 2010 FINANCIAL AND OPERATING RESULTS

Calgary, Alberta--(Marketwire – November 12, 2010) – Fortress Energy Inc. ("Fortress" or the "Company") (TSX: FEI) today announces its financial and operating results for the third quarter of 2010. The Company's financial statements, management's discussion and analysis and notes to the financial statements for the three and nine months ended September 30, 2010 are available on the Company's website ([www.fortressenergy.ca](http://www.fortressenergy.ca)) or SEDAR ([www.sedar.com](http://www.sedar.com)).

### Financial and Operating Summary

	Three months ended September 30,				Nine months ended September 30,			
	2010		2009		2010		2009	
	(\$000s)	\$/Mcf	(\$000s)	\$/Mcf	(\$000s)	\$/Mcf	(\$000s)	\$/Mcf
Petroleum and natural gas sales	5,412	8.19	4,240	6.76	16,446	6.56	13,791	6.82
Royalties	441	0.67	135	0.22	(264)	(0.11)	(785)	(0.39)
Operating costs	(1,487)	(2.25)	(1,757)	(2.80)	(5,846)	(2.33)	(5,427)	(2.68)
Transportation	(243)	(0.37)	(197)	(0.31)	(936)	(0.37)	(692)	(0.34)
Operating netback <sup>(1)</sup>	4,123	6.24	2,421	3.87	9,400	3.75	6,887	3.41
General and administrative expenses	(1,595)	(2.41)	(726)	(1.16)	(3,008)	(1.20)	(2,087)	(1.03)
Professional fees	(89)	(0.13)	(114)	(0.18)	(386)	(0.15)	(602)	(0.30)
Bad debts recovery (expense)	78	0.12	17	0.03	71	0.03	(162)	(0.08)
Interest expense	(314)	(0.47)	(187)	(0.30)	(1,006)	(0.40)	(640)	(0.32)
Current income tax recovery (expense)	7	(0.01)	(18)	(0.03)	(106)	(0.04)	(54)	(0.03)
Funds from operations before transaction costs	2,210	3.34	1,393	2.23	4,965	1.99	3,342	1.65
Transaction costs	(11)	(0.02)	-	-	(564)	(0.23)	-	-
Funds from operations <sup>(1)</sup>	2,199	3.32	1,393	2.23	4,401	1.76	3,342	1.65
Unrealized loss on commodity contracts	(2,407)	(3.64)	(1,855)	(2.96)	(1,321)	(0.53)	(358)	(0.18)
Stock-based compensation expense	(623)	(0.94)	(108)	(0.17)	(767)	(0.31)	(235)	(0.12)
Depletion, depreciation and accretion	(1,148)	(1.74)	(2,942)	(4.69)	(7,564)	(3.02)	(10,450)	(5.16)
Ceiling test impairment	-	-	-	-	(47,476)	(18.93)	(14,276)	(7.06)
Loss on sale of oil and gas properties	(1,301)	(1.97)	-	-	(1,301)	(0.52)	-	-
Write down of temporary investment	(110)	(0.17)	-	-	(110)	(0.04)	-	-
Loss before future income taxes	(3,390)	(5.14)	(3,512)	(5.59)	(54,138)	(21.59)	(21,977)	(10.87)
Future income tax reduction	-	-	(275)	(0.44)	750	0.30	3,592	1.78
Net loss	(3,390)	(5.14)	(3,787)	(6.03)	(53,388)	(21.29)	(18,385)	(9.09)
Sales volume (Mcf/d)	7,185		6,822		9,182		7,410	

<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 Mcfe basis taking petroleum and natural gas sales and deducting royalties, operating expenses and transportation expenses.

## **Sale of Oil and Gas Assets**

Effective August 31, 2010, the Company sold substantially all of its oil and gas properties, tangible equipment and undeveloped land, other than its interests at Buick Creek and Pine Creek, to Terra Energy Corp. ("Terra") for proceeds of \$30,437,000, consisting of cash of \$25,600,000 and 3,664,444 common shares of Terra valued at \$1.32 per share. The transaction costs were \$407,000. The Company recorded a loss on the sale oil and gas properties of \$1,301,000. The cash proceeds were used to repay bank indebtedness of \$21,457,000. The Terra shares trade on the Toronto Stock Exchange ("TSX") under the symbol "TT" and are subject to a four month hold period that expires on December 29, 2010.

## **TSX Listing Requirements**

As a result of the sale of oil and gas assets on August 31, 2010, the Company was given notice by the TSX that it will commence a formal review of the Company's TSX listing and its ability to meet the minimum listing requirements in mid-January 2011.

## **Strategic Alternatives**

Since the sale of the oil and gas assets on August 31, 2010, Fortress has been active in pursuing a potential transaction that will result in recognizing value for the cash surplus, working capital, shares of Terra, the remaining oil and gas assets at Pine Creek and Buick Creek, the shares held of biotechnology companies, Alethia Biotherapeutics Inc. and Paloma Pharmaceuticals Inc., and the \$55 million of unused tax pools. This process will continue into the fourth quarter of 2010. The remaining assets are more fully described in the presentation provided to shareholders at the AGM and can be found on the Fortress web site at:

<http://www.fortressenergy.ca/files/AGM%20August%2025th%202010.ppt>

## **Natural Gas Price Outlook for 2010**

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

<http://www.fortressenergy.ca/files/September%20Gas%20Prices.ppt>

## **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 potential strategic alternatives, and natural gas prices, supply and demand. 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. There are risks associated with the forward-looking statements including there can be no assurance that a suitable transaction will be identified. Consequently there is no representation by Fortress that it will complete a transaction or pursue any of the future courses of action or alternatives discussed herein.

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.

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 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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