

Fortress Energy Inc. – Press Release

Fortress Energy Inc. Announce its Intention to Enter Into the Power Generation Business, Management Team, Board of Directors, and Private Placement.

Calgary, Alberta--(Marketwire – February 18th, 2011) – Fortress Energy Inc. ("**Fortress**" or the "**Company**") (TSX: FEI) today announces that after considering various strategic alternatives it has identified a full complement of management as well as experienced individuals to join the Board of Directors to allow it to transition from an oil and gas producing company into an independent power producer engaged in the development, ownership and operation of clean power generation facilities.

It is the intention of Fortress in pursuing this business to increase shareholder value by developing high-quality projects supported by long-term power purchase agreements while carefully managing development risks. Fortress intends to focus on renewable energy and clean, low emissions gas fired facilities, in regions where demand for power is growing and government supported power purchase agreements are available. It is the intention of Fortress to be able to declare and pay a sustainable dividend to shareholders upon the commencement of operations of power assets it is currently pursuing. The change of business being pursued is consistent with the objective set out in the review of strategic alternatives. Fortress will have an experienced management team capable of acquiring, developing, and operating power assets, supported by an experienced board of directors with thorough knowledge and expertise in the power industry.

Background

On September 1, 2010, the Company closed the sale of substantially all of its oil and gas assets to Terra Energy Corp. ("**Terra**"). The transaction was subject to shareholder approval and at a special meeting of shareholders held on August 25, 2010 was approved by a majority of 99.6 percent. The transaction resulted in Fortress receiving cash proceeds of \$25,870,361 and 3,664,444 common shares of Terra (TSX:TT). The Company's oil and gas properties in the Buick Creek and Pine Creek areas were not included in the sale. The Company continues to hold 3,664,444 common shares of Terra; has a producing oil and gas asset in the Buick Creek area that has averaged approximately 70 boe per day of natural gas and natural gas liquids, shut in natural gas reserves in the Pine Creek area, approximately \$3mm of working capital and \$55mm of unused tax pools.

Fortress owns shares in two privately held biotechnology companies; 1.9 million common shares of Alethia Biotherapeutics Inc. ("**Alethia**") representing 13% of the outstanding shares of Alethia and 625,000 common shares of Paloma Pharmaceuticals, Inc. ("**Paloma**"), representing 8.4% of the outstanding common shares of Paloma. Fortress has held these investments since the recapitalization of the Company in December 2003.

Power Market and Projects

In 2007, the Ontario Government, through the establishment of the Ontario Power Authority ("**OPA**") prepared a 20 year energy plan targeted toward improving current natural gas and renewable power generation assets and replacing the use of coal fired generation by 2014. As part of the plan, the OPA introduced the "Feed In Tariff" program in 2009 offering attractive power purchase agreements to encourage power developers to invest in clean energy facilities. Other provincial government like British

Columbia have introduced similar programs to satisfy the needs of growing power demand and replacement of existing aging infrastructure.

It is the intention of Fortress to capitalize on these growing trends by acquiring a portfolio of clean power projects in growth markets consisting of producing power facilities and power facilities that are in the construction phase which have secured a power purchase agreement. Fortress has identified 10 such projects totalling approximately 500 MW of power generating capacity which it is reviewing for acquisition.

Board of Directors

Upon completion of the arrangement, expected to occur on or before May 1, 2011, the Board of Directors of Fortress will consist of the following individuals:

Jan Carr - Dr. Carr is a PhD. and has more than 35 years of experience in the electricity sector as a professional engineer, holding senior positions in the design and planning of electricity transmission and distribution systems. Jan Carr was the Chief Executive Officer of the Ontario Power Authority from the time of its founding in January 2005 until September 2008. Prior to that, he was Vice Chair of the Ontario Energy Board during its transition from a government department to a self-funding independently operated tribunal.

He has worked on projects in many parts of the world, including Asia, Africa, Central America and the Caribbean. He has been a consultant to utilities, governments and other stakeholders on the financial, business, strategic and policy aspects of the electric power industry.

He is a member of the Board of the Alberta Electric System Operator which is responsible for long-range planning of the provincial system as well as its operation through a competitive wholesale electricity market. He is also an independent member of Gowlings International Strategic Advisory Group, providing business advice to both the firm's international law practice and its clients. In 2007 he received a medal for Management in the Ontario Professional Engineers Awards.

Jeffry Myers - Mr. Myers is a Director, advisor and consultant to Western Bioenergy. Western Bioenergy is wholly owned by Dalkia Canada, and is responsible for the development of a \$500 million, four plant biomass power generation fleet in British Columbia and Saskatchewan.

Mr. Myers has over thirty years experience in the energy sector, with a focus on the development, financing and execution of energy infrastructure projects. Mr. Myers was formerly a co-founder, and served as Chairman of the Board, President and Chief Executive Officer of Pristine Power Inc. from its founding in 2002 to the sale of the company to Veresen Inc. in late 2010. Pristine won independent power project bids that represented \$1.5 billion of capital investment. Of that total, Pristine was successful in securing \$600 million in debt and equity financings for gas fired and waste heat recovery projects, and a \$300 million wind portfolio continues to be under active development by Veresen in addition to a \$130 million hydroelectric acquisition developed by Pristine. Mr. Myers is a director of Tonbridge Power Inc. (TSX-V: TBZ), a developer of transmission lines, and a past Director of Association of Power Producers of Ontario. Mr. Myers holds a Master of

Business Administration from the University of Windsor and an Honours Bachelor of Arts in Business Administration from the University of Western Ontario.

Frank Carnevale – Mr. Carnevale is the President and Chief Executive Officer of Bridgepoint Group based in Toronto Ontario. Mr. Carnevale focuses on strategic growth and project origination of energy and infrastructure solutions across the United States and Canada. Mr. Carnevale is an advisor to public sector leaders, and continues to develop successful public private partnerships. Mr. Carnevale guests lectures at the University of Ontario Institute of Technology on public private partnerships. He has been published in infrastructure, energy and municipal publications, some of which have included his perspective on public private partnerships and industry trends. Mr. Carnevale has been progressive on bringing ethics to public sector procurement, and has lectured on the practice of ethical standards.

Mr. Carnevale is a member of the Council for Clean & Reliable Electricity, and recently served as a member of the Board of Directors of the Ontario Energy Association. He is an active member of the National Council for Public Private Partnerships (NCPPP) in the United States. Mr. Carnevale also serves as a Sustainability & Technology Partner to Rosenzweig & Company, a management consulting firm specializing in senior level retainer based executive search and board director appointments. Prior to establishing Bridgepoint Group in 1998, Mr. Carnevale gained extensive public sector experience through his tenure with the Municipality of Metropolitan Toronto, followed by the City of Toronto.

George Watson - Mr. Watson, P. Eng has been the Chief Executive Officer of Critical Control Solutions Corp since July 2002 and also served as President from July 2002 until December 2003. Mr. Watson is the former President and CEO of TransCanada Pipelines Ltd. (March 1993 to July 1999). Prior to his role as CEO of TransCanada, Mr. Watson also served as CFO (June 1990 to March 1993). He has more than 25 years experience in oil and gas, including positions at Dome Petroleum and as CEO of Intensity Resources Ltd. Mr. Watson sits on the boards of Queen's University, Calgary Olympic Development Association (CODA), Blizzard Energy Inc., Repeat Seat Ltd., Recap Energy Inc., Signal Energy Inc., TGS North American Real Estate Investment Trust, Canadian Spirit Energy Inc., Teekay Ing LLP and Badger Income Trust. Former directorships include the Conference Board of Canada, the Interstate Natural Gas Association of America, the Canadian Energy Pipelines Association, Equitorial Energy Inc. TransCanada Pipelines and subsidiaries, as well as the Toronto Dominion Bank plus many other small entities. Mr. Watson holds a Bachelor of Science (Engineering) degree and MBA from Queens University as well as an A.M.P. from Harvard.

Donald Leitch – Mr. Leitch is the department head of the Carscallen Leitch LLP Corporate, Securities and Mergers & Acquisitions Group. His practice focuses on securities, business and energy law with an emphasis on mergers and acquisitions, corporate finance and corporate reorganizations. Mr. Leitch represents a variety of private and public companies in the oil & gas, mining, service, high tech and industrial sectors, as well as investment funds, mutual funds, limited partnerships. He also advises on securities commission regulatory compliance and stock exchange requirements, along with corporate governance, management and director obligations. Mr. Leitch is a member of the Calgary Advisory Committee for the TSX Venture Exchange. He also has been an officer or director of a number of private and public companies.

J. Cameron Bailey – Mr. Bailey is a Charter Financial Analyst and has been the Chief Executive Officer and the President of Fortress Energy, Inc., since December 2004. He is the founder of, and has organized, the initial public offerings for a number of oil and gas exploration, production and oilfield services companies. Mr. Bailey served as a Managing Director of Network Capital Inc. from December 1999 to December 2004. He worked in the investment business, specifically investment banking for over 18 years serving as a Managing Director of Corporate Finance and a Managing Director of Capital Markets at Peters & Co. Ltd. from March 1988 to July 1997. In 1997, Mr. Bailey founded Energy Processors Inc. and served as its Chief Executive Officer and the President from May 1998 to June 1999. Mr. Bailey founded Ballistic Energy Corporation, Millarville Oil & Gas Ltd., Tri Ex Oil & Gas and Nevis Drilling Systems Ltd. Mr. Bailey is currently a director of Shamaran Petroleum Corp., Phoenix Technology Services Corp. and Africa Oil Corp.

Management Team

Upon Completion of the arrangement the following individuals will become the senior management of the Company.

Kevin Gilchrist – President - Mr. Gilchrist is experienced in power generation, electrical energy distribution and markets as well as natural gas transportation, storage, marketing and trading and focuses on business development and structuring, project development and finance within the energy sector.

Mr. Gilchrist was a principal and founder of OTB Energy Inc. and a Principal of the Bridgepoint Group Ltd. In these roles Mr. Gilchrist has lead business and development planning and execution for numerous projects including: merchant high-voltage transmission, urban biomass generation, gas monetization strategies in East Africa, “inside-the-fence” cogeneration plant development, gas fired generation development, forest-based woody biomass power generation development, international CNG and gas pipeline development, smart grid project origination, wind farming assessment, electrical distribution system line loss identification, and new enterprise financing. Mr Gilchrist was a founding principal of Pristine Power Inc., a TSX listed company where he was responsible for opportunity origination, commercial and contractual development and fostering business relationships, with development projects in British Columbia, Alberta, Ontario and the Pacific Northwest region of the United States. Mr. Gilchrist has originated over 2,200 MW of project opportunities which resulted in the award of contracts for over 500 MW of generation projects. Mr. Gilchrist was also previously responsible for many new initiatives, products, services and asset development projects within Westcoast Energy Inc. where he was also responsible for gas commodity, transportation and storage trading with Westcoast Energy’s marketing affiliate, Engage Energy. Mr. Gilchrist holds a Diploma in Engineering Technology from Thompson Rivers University.

J. Michael Sullivan – Chief Financial Officer - Mr. Sullivan was Managing Partner of Affluence Capital Corporation. Affluence Capital Corporation is a Calgary based boutique investment advisory firm focused on energy, renewable and carbon finance. During his tenure at Affluence, Mr. Sullivan was responsible for corporate finance advisory work with a number of public and private energy companies including Western Carbon Ltd. Hyperion Technologies, International Petroreal, Brink Energy, Interex Oilfield Services and Vault Power Corp. where he acted in senior management capacity including interim chief executive officer, chief financial officer and/or chief strategy officer.

Prior to establishing Affluence Capital Corporation in 2001, Mr. Sullivan was a founder and Chief Financial Officer of a private midstream infrastructure company that was sold to AltaGas Services Ltd. Prior thereto, Mr. Sullivan was the Chief Financial Officer of the Morrison Facilities Income Trust, a TSX listed entity. The IPO was originated and structured by Mr. Sullivan as a \$200 million take-out financing of oilfield infrastructure investments owned by a syndicate of pension funds. Prior thereto, Mr. Sullivan was the manager for project finance at TransCanada PipeLines. During his tenure, he was involved in the financing of the \$300 million Songas (gas to power) Project in Tanzania. Other infrastructure project finance accomplishments include \$2.2 billion Cusiana Pipeline in Colombia, \$700 million Iroquois Natural Gas Pipeline in New York, \$650 million Express Pipeline and \$700 million Pacific Gas Transmission expansion financing.

Mr. Sullivan is a board member and Treasurer of Independent Living Resource Center which is a national non-profit charity that provides resources for disabled persons and a former board member of the Calgary Society of Financial Analysts.

Mr. Sullivan graduated from University of New Brunswick with a Bachelors of Business Administration (BBA) degree in Finance and Economics. Mr. Sullivan holds a Chartered Financial Analyst (CFA) designation and attended the Rotman School of Management at the University of Toronto executive programs in advanced finance.

Wilfred Barke – Vice President, Business Development - Mr. Barke was Managing Director of Enerport, an energy-consulting firm that helps organizations develop commercial strategies to manage risk and identify emerging business opportunities. Mr. Barke has over 20 years of experience in the energy industry, and has strong strategic and commercial expertise in all areas of the energy value chain including energy trading and marketing, structured energy products, financial and physical energy hedging programmes and energy asset acquisition and contractual structuring. Mr. Barke has also taken a lead role in the commercial development of a number of “renewable” energy projects in British Columbia.

In 1994, Mr. Barke joined Westcoast Energy Gas Services Inc as Manager of Supply and Business Development. In this role Wilfred was responsible for originating and structuring wholesale gas marketing arrangements with producers and end use consumers.

In 1998, Mr. Barke joined Engage Energy as Director of Supply and Transportation. In this role, he was responsible for the development of complex “asset based” trading strategies specifically designed to manage risk and capture emerging North American market opportunities. He led a number of projects involving real options valuations of physical assets including electricity generation facilities, storage companies, and natural gas pipelines and contracts, risk management and hedging techniques, and trading strategies for a variety of commodities including natural gas, electricity and crude oil.

In 2002, Mr. Barke, as co-founder of Spectra Energy started a producer focused gas marketing services company. In 2003, Mr. Barke was invited to join Louis Dreyfus Energy Canada as Director of Commercial Development. In this role, he successfully identified and secured strategic assets that helped Louis Dreyfus launch a physical energy merchant business in Canada. In 2008, Mr. Barke joined Sea NG Corporation as Director of Commercial Development, an international business development position. In this role, Wilfred was responsible for promoting a marine based compressed natural gas containment system and to

secure new business arrangements with potential customers located in South America and the Caribbean region.

Mr. Barke holds a Bachelors of Commerce degree from the University of Calgary. In 2002, Mr. Barke was invited to participate on an international research project with the University of Calgary Gorbachev Foundation (Moscow). His paper titled Transformation and Reform in the Russian Energy Sector: Natural Gas and Oil Transmission, pp. 177-195 was published by NOVA Publishers in the book Revitalizing Russian Industry: The Road Ahead after Fifteen Years of Transition.

Donald MacDiarmid – Vice President Commercial - Mr. MacDiarmid has practiced law in Calgary, Alberta for more than 20 years. He spent 18 years in private legal practice and during that time Mr. MacDiarmid became a partner at two national law firms. He advised clients on a variety of commercial matters and project development transactions in the domestic and international energy industry. This included work related to conventional oil and gas, oil sands and independent electrical power projects. Most recently, Mr. MacDiarmid spent nearly three years as corporate counsel for a Calgary-based oil and gas exploration company that was working to develop concessions it had secured in West Africa and Central Asia. Prior to attending law school, Mr. MacDiarmid worked as an engineer for five years with a major upstream oil and gas company in both Calgary, Alberta and Estevan, Saskatchewan.

Mr. Bailey commented: “it is a unique opportunity available to Fortress to be able to attract such a high quality management team with the depth of experience and track record at creating value for shareholder in the power industry and being supported by the expertise of the Board of Directors”.

Mr. Kevin Gilchrist commented: “the changes in the landscape in the power market provides Fortress with a unique opportunity to capture investment opportunities in the sector that provide attractive returns supported by long term power purchase agreement”.

Private Placement and Shareholder Approval

As part of the arrangement Fortress proposes to complete a \$1,500,000 private placement to management and directors consisting of 13,333,333 Units at a price of \$0.1125 per Unit with each Unit consisting of one common share and one common share purchase warrant (the “Warrant”). Each Warrant will allow the holder thereof to acquire one common share at any time up to 18 months following closing at a price of \$0.19 per share.

As part of the conditions of employment and subscription of Units by Management, Fortress will issue 12,444,444 Performance Warrants enabling the holder there of the acquire one common share for each Performance Warrant, at a price of \$0.19 per share at any time up to 36 months following closing. The Performance Warrants will vest as to 1/3 on each of the three year anniversaries following closing.

The proposed change of business and private placement are subject to all necessary regulatory approvals.

Fortress intends to call a meeting of the shareholders to take place on or before May 1, 2011 to provide shareholders with the opportunity to vote on the arrangement consisting of a change of business to an Independent Power Producer, private placement of Units and the issuance of Performance Warrants. A

condition of the arrangement will be Fortress entering into an agreement to acquire power generating assets no later than May 1, 2011.

The TSX - Ongoing Listing Requirements

The Company had been advised on October 17th, 2010 by the TSX that the Company substantially discontinued its business or materially changed the nature of its business by virtue of the closing of the sale of its oil and gas assets announced on September 1, 2010 and the Company was required to meet original listing requirements by February 18th, 2011 . The Company is of the opinion that the change of business into an Independent Power Producer will not satisfy the minimum listing requirements of the TSX by virtue of the proposed projects not having historical or current year expected net earnings necessary for this category of issuer. As a consequence Fortress is seeking a listing on the TSX Venture Exchange to ensure there is no disruption of trading while the TSX commences its delisting procedures according to the TSX expedited review process.

Caution to Reader

This news release contains forward-looking information, including without limitation the proposed change of business to an independent power producer, the intention to declare and pay sustainable dividends, the proposed constitution of the board of directors and management, completion of the proposed private placement, potential delisting from the TSX and listing on the TSX Venture Exchange and the proposed shareholder meeting.

The foregoing assumes that Fortress will be able to identify and complete the purchase of suitable power projects, bring such projects to operational status and that such projects will be profitable and generate sufficient cash flows to support the ongoing business and the declaration of dividends. The Company has also assumed that shareholders will approve the matters to be considered at the shareholders meeting, all regulatory approvals will be forthcoming and the Company will be able to list its securities on the TSX Venture Exchange.

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 any of the foregoing matters will be achievable. Consequently there is no representation by Fortress that it will complete its transition as a power producer 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.

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