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FORTRESS ENERGY ANNOUNCES 2010 FINANCIAL AND OPERATING RESULTS

Calgary, Alberta--(Marketwire – April 29, 2011) – Fortress Energy Inc. ("Fortress" or the "Company") (TSX: FEI) today announces its financial and operating results for the year ended December 31, 2010. The Company's financial statements, management's discussion and analysis and notes to the financial statements for the year ended December 31, 2010 are available on the Company's website (www.fortressenergy.ca) or SEDAR (www.sedar.com).

Financial and Operating Summary

	Three months ended December 31,				Year ended December 31,			
	2010		2009		2010		2009	
	(\$000s)	\$/Mcf	(\$000s)	\$/Mcf	(\$000s)	\$/Mcf	(\$000s)	\$/Mcf
Petroleum and natural gas sales	210	4.68	4,798	6.20	16,656	6.53	18,589	6.65
Royalties	(209)	(4.66)	71	0.09	(473)	(0.19)	(714)	(0.25)
Operating costs	(78)	(1.73)	(1,995)	(2.58)	(5,924)	(2.32)	(7,422)	(2.66)
Transportation	(51)	(1.14)	(223)	(0.29)	(987)	(0.39)	(915)	(0.33)
Operating netback ⁽¹⁾	(128)	(2.85)	2,651	3.42	9,272	3.63	9,538	3.41
Environmental remediation	-	-	(134)	(0.17)	-	-	(134)	(0.05)
General and administrative expenses	(264)	(5.89)	(821)	(1.06)	(3,272)	(1.28)	(2,908)	(1.04)
Professional fees	(110)	(2.45)	(73)	(0.10)	(496)	(0.19)	(675)	(0.24)
Bad debts recovery (expense)	(67)	(1.49)	(132)	(0.17)	4	-	(294)	(0.10)
Interest expense	(311)	(6.92)	(277)	(0.36)	(1,318)	(0.52)	(917)	(0.33)
Indemnification of flow-through share subscribers	(1,314)	(29.28)	-	-	(1,314)	(0.51)	-	-
Current income tax recovery (expense)	-	-	(42)	(0.05)	(106)	(0.04)	(96)	(0.04)
Funds from (used in) operations before transaction costs	(2,194)	(48.88)	1,172	1.51	2,770	1.09	4,514	1.61
Transaction costs	-	-	-	-	(564)	(0.22)	-	-
Funds from (used in) operations ⁽¹⁾	(2,194)	(48.88)	1,172	1.51	2,206	0.87	4,514	1.61
Unrealized loss on commodity contracts	-	-	(808)	(1.04)	(1,321)	(0.52)	(1,166)	(0.42)
Stock-based compensation expense	-	-	(153)	(0.20)	(767)	(0.30)	(388)	(0.14)
Depletion, depreciation and accretion	(65)	(1.45)	(2,720)	(3.51)	(7,629)	(2.99)	(13,170)	(4.70)
Ceiling test impairment	-	-	(4,820)	(6.22)	(47,476)	(18.61)	(19,096)	(6.83)
Loss on sale of oil and gas properties	301	6.71	(304)	(0.39)	(1,000)	(0.39)	(304)	(0.11)
Write down of temporary investment	(183)	(4.08)	-	-	(293)	(0.11)	-	-
Loss before future income taxes	(2,141)	(47.70)	(7,633)	(9.85)	(56,280)	(22.05)	(29,610)	(10.59)
Future income tax	(724)	(16.13)	276	0.36	26	0.01	3,868	1.38
Net loss	(2,865)	(63.83)	(7,357)	(9.49)	(56,254)	(22.04)	(25,742)	(9.21)
Sales volume (Mcf/d)	488		8,418		6,991		7,668	

⁽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.

CCAA Proceedings

On March 2, 2011, Fortress applied to the Court of Queen's Bench of Alberta for an Order under the *Companies' Creditors Arrangement Act* (Canada) ("CCAA") staying all claims and actions against the Company and its assets and allowing the Company to prepare a plan of arrangement for its creditors if necessary. The Order was granted and is in effect until March 31, 2011. The Order was subsequently extended to May 27, 2011, at which time the matter will be reviewed by the Court. While the Order is in effect the Company will work with a court-appointed monitor.

Fortress has taken this step to enable it to challenge a reassessment issued by the Canada Revenue Agency (the "CRA"), which reassessment is in the amount of approximately \$18 million. As a result of the reassessment, if the Company took no action, it would be compelled to immediately remit \$9 million to the CRA and the Company does not have the necessary funds to remit. Fortress believes that the CRA's position is not sustainable and is vigorously disputing the CRA's claim.

The reassessment denies the deduction of certain tax pools in SignalEnergy Inc.'s ("SignalEnergy") 2004, 2005 and 2006 taxation years on the basis that (i) those pools arose from expenses incurred prior to November of 2003 and (ii) that there was an acquisition of control of SignalEnergy (previously named SignalGene Inc.) in November of 2003. SignalEnergy was subsequently wound-up into Fortress and all references herein to Fortress should be read as references to Fortress, SignalEnergy or SignalGene. Following the transactions that occurred in November of 2003, SignalEnergy was developed into a successful oil and gas company with over \$140 million of oil and gas assets, and such development benefitted all shareholders of Fortress, both those who invested in November of 2003 and those who had invested prior to November of 2003. On February 1, 2006, SignalEnergy received an unsolicited offer to acquire a substantial portion of its oil and gas assets for \$100 million which transaction subsequently closed on March 10, 2006. Fortress used its available tax pools to reduce its taxable income from the proceeds of the disposition.

Management believes that no acquisition of control has occurred. Through a series of communications, including detailed written correspondence with the CRA, Fortress attempted to correct certain apparent factual misunderstandings that had led the CRA to determine that an acquisition of control had occurred. Unfortunately, notwithstanding the explanations by Fortress, the CRA issued the reassessments. In addition to potential remedies that may be available under the CCAA, the Income Tax Act provides for at least two more levels at which this dispute can be considered. The first is at the appeals level with the CRA and, as a resolution at this level would resolve this matter most expeditiously; this is the avenue Fortress is pursuing at this time. On March 28th Fortress filed a Notice of Objection and has received an acknowledgement from the CRA of its receipt on April 11th. CRA has not indicated that it will respond to the Notice of Objection outside of its normal timeline which it indicated to be nine to 12 months before being contacted by an Appeals Officer.

If that process does not result in a successful resolution of this matter, Fortress can, and if necessary will, file an appeal to the Tax Court of Canada. While there is no certainty in the case of a CRA challenge, Fortress strongly believes that pursuit of this matter to a higher level should result in this matter being resolved in its favour.

Fortress was a large corporation for purposes of the Income Tax Act in the taxation years that have been reassessed, under the relevant legislation the CRA is empowered to take action to collect 50 percent of the tax owing at any time during this dispute process (notwithstanding the ability of Fortress to challenge the reassessment and that no final legal determination of the matter has occurred). Due to the vast powers afforded to the CRA to collect this amount, and the severe adverse impact it would have on Fortress and its creditors if the CRA took any collection action without providing Fortress with reasonable notice, Fortress has taken action to protect stakeholders by voluntarily applying to the court for protection under CCAA. Other than the claim by CRA, Fortress has assets in excess of its liabilities with sufficient liquid assets to pay all other liabilities and trade payables.

TSX Listing Requirements

The Company announced that it had been advised on October 17, 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 18, 2011.

On February 23, 2011, Fortress announced that that it did not meet the listing requirements of the TSX by virtue of the sale of substantially all of its oil and gas assets on September 1, 2010. Fortress was notified by the TSX that its formal listing committee determined on February 25, 2011, that Fortress would be delisted from the TSX on March 30, 2011 which it was. As a result, Fortress then commenced the application process for listing on the TSX Venture Exchange and both exchanges at that time indicated a willingness to ensure a seamless transition to ensure no disruption of trading. Although application to the TSX Venture Exchange has started, Fortress is uncertain it will be accepted for listing until the CCAA Order is removed. Fortress was delisted from the TSX on March 30, 2011.

Fortress is considering a listing on the Canadian National Stock Exchange (“CNSX”). The CNSX has indicated its willingness to allow Fortress shares to be listed for trading on such exchange notwithstanding the CCAA Order.

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 \$454,000. The Company has recorded a loss on the sale oil and gas properties of \$1,000,000. 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”.

The explanation for the decision to sell its oil and gas assets is because of the Company’s views of natural gas prices. An analysis of the North American natural gas prices can be found on the Company’s web site at: <http://www.fortressenergy.ca/President-s-Message>

Strategic Alternatives

Since the sale of the oil and gas assets on August 31, 2010, Fortress had 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 \$59 million of unused tax pools.

On February 18th, 2011 Fortress announced that after considering various strategic alternatives it had 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. Considering a timely resolution of CRA has not occurred and the timeline for a conclusion remain uncertain, it is not possible for Fortress to invest in any new initiatives at this time.

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 CCAA proceedings, the CRA reassessment and resolution of the dispute with CRA, potential listing on the TSX Venture and or CNSX stock exchanges, 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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