

**THIS NEWS RELEASE IS NOT FOR DISSEMINATION IN THE UNITED STATES OR TO ANY UNITED STATES**

**NEWS SERVICES**

**Fortress Energy Inc. Announces Canada Revenue Agency has Vacated Notices of Reassessment that resulted in \$24 million of Income Tax Payable**

Calgary, Alberta (Marketwire – October 28, 2011) Fortress Energy Inc. ("Fortress" or the "Company") is pleased to announce that it has received from Canada Revenue Agency ("CRA") revised Notices of Reassessment confirming that there are no income taxes payable or related penalties for the years ended December 31, 2004, 2005, and 2006, and April 19, 2007.

Fortress had filed a Notice of Objection to the reassessment that resulted in approximately \$18 million of federal income tax and \$6.2 million of provincial income tax, which Notice of Objection has been successfully determined in favour of Fortress at the federal level. Fortress expects that the provincial claim will also be vacated in due course. As the claims by CRA have been vacated and no taxes or penalties are owing, Fortress no longer requires the protection of its Stay Order under the Companies' Creditors Arrangement Act (Canada) ("CCAA"). As a consequence, Fortress has today applied to the Court of Queen's Bench of Alberta to remove the Stay Order under CCAA.

Fortress will be providing to shareholders an overview of the proceedings and related documents that detail the events that lead to the CRA reassessments and the defence thereto at [www.fortressenergy.ca](http://www.fortressenergy.ca).

"There has been little doubt in our minds that the reassessment by CRA was without merit and that Fortress would be successful in defending its position. It is unfortunate that significant financial resources and considerable time was necessary to mount the defence against the CRA claim which proved to be without merit. The Company has been under the cloud of this claim since January 2010 and now that it is behind us we can look to the future to return to creating an active business", said Mr. Bailey, President and Chief Executive Officer of Fortress.

Fortress would like to thank its professional advisors: Borden Ladner Gervais LLP, Felesky Flynn LLP and Fraser Milner Casgrain LLP for their services that lead to the successful outcome.

**Caution to Reader**

This news release contains forward-looking information, including without limitation statements concerning the CCAA proceedings, the resolution of the dispute with CRA in favour of the Company and future business operations. The reader is cautioned that assumptions including that the provincial claim will be vacated, although considered reasonable by Fortress, may prove to be incorrect. There are risks associated with the forward-looking statements including that until receipt of new provincial Notices of Reassessment the dispute is not finalized. There is also no representation to any future business opportunities or that such opportunities will be successful. The common shares of Fortress have not and will not be registered under the United States 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.

The 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.

**For further information:**

Mr. J. Cameron Bailey  
President and Chief Executive Officer  
Phone: (403) 398-3345  
Fax: (403) 398-3351  
Email: [cbailey@fortressenergy.ca](mailto:cbailey@fortressenergy.ca)