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December 7, 2011

## **Fortress Energy Inc. Acquires Shale Oil Interest in Reconcavo Basin, Brazil**

Calgary, Alberta = (Marketwire – December 7, 2011)

Fortress Energy Inc. (“Fortress” or the “Company”) is pleased to announce it has entered into a letter of intent to acquire 100% of the shares of a Brazilian private oil and gas company Alvorada Petroleo S.A. (“Alvorada”) for an acquisition price of US\$37 million. Alvorada owns a 100% working interest in 7 exploration Blocks located in the Reconcavo Basin, covering an area of approximately 200 sq km. In addition, Alvorada owns a 100% working interest in three onshore producing oil fields: Bom Lugar, located in the Reconcavo Basin, Jiribatuba, located in the Camamu Basin and Aracaju, located in the Sergipe Basin. These assets have current production of approximately 50 bbls/d of light oil.

The acquisition is subject to completion of due diligence, the execution of a formal purchase and sale agreement in due course and is also subject to regulatory approval in Canada and Brazil.

The Reconcavo Basin is located 85 km north of the city of Salvador where the Brazil oil industry found its beginning with the first oil discovered in 1939. Since then the cumulative production from the Reconcavo Basin has totalled 1.5 billion barrels of light oil from 86 fields. There have been 6,000 wells drilled into the Reconcavo Basin spanning an area of approximately 10,000 sq km.

Fortress has identified, from prior drilling, a pervasive oil saturated tight GOMO Sand sequence with porosities estimated to be between 9 - 15% existing within a 1,000 meter thick, rich Candaeis Shale source rock which exists on much of the Alvorada lands. Following the acquisition, Fortress intends to drill as many as seven vertical wells to complete the work commitments on the various Blocks. Upon completion of the vertical well drilling, Fortress intends to select certain of the vertical wells to drill a horizontal section and perform a multi-stage fracture treatment. Future activities will involve multi-well development over the approximate 200 sq km of lands and existing producing fields. There are mature oil fields in the Reconcavo Basin that are producing from the GOMO sand located both to the north and south of the Alvorada lands, and there have been numerous prior tests and oil shows from the GOMO sands throughout the Basin confirming a pervasive oil saturated hydrocarbon system. The Reconcavo Basin has a well-developed infrastructure and active service sector, with crude oil and natural gas pipelines and numerous roads in an area which is predominantly farm land.

### **Company Name Change**

In keeping with the change in the focus of the Company's business strategy, a new name will be proposed to shareholders at an upcoming Special Meeting of Shareholders approving a series of transactions related to the announcement. A minimum of two additional Board members will also be nominated for election at this meeting.

## **Fortress Energy Inc.**

Fortress had until recently been a TSX listed Canadian focused natural gas exploration and development company with approximately 10 mmcf/d of natural gas production. In the third quarter of 2010 Fortress underwent a business rationalization process which resulted in the sale of the majority of its assets. In March 2011 Fortress was subject to a challenge by CRA relating to the use of tax pools in a transaction in 2006 which was determined in favour of Fortress in October 2011. Today Fortress produces approximately 1.0 mmcf/d of natural gas and some associated liquids from its Buick Creek property in NE BC.

The acquisition opportunity provides the Company with a broad inventory of development drilling locations in an expansive oil resource play as well as number of conventional exploration targets all defined by recently acquired 3D seismic.

Fortress' President and CEO Cam Bailey stated, "We are very excited to have obtained the interest in the Reconcavo Basin, which is one of the most exciting oil shale plays outside of North America. The extensive data available, the numerous oil shows and tests, as well as producing field analogies in close proximity, confirms a large oil resource which we believe can likely be exploited with multi-stage fracturing techniques. We have a high confidence that we will be able to create significant value to our shareholders if our expectations on these blocks are confirmed by the proposed drilling programs."

### **Caution to Reader**

This news release contains forward-looking information, including without limitation statements concerning the completion of the acquisition of the shares of Alvorada, the benefits of the acquisition and future drilling and development programs. 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 the acquisition will close, it will be able to finance the acquisition, that it will be able to carry out the proposed drilling program and that its interpretation of the geology of the Reconcavo Basin will be proven through the drilling program. There are risks associated with the forward looking statements including finalizing the definitive agreement, completion of the acquisition, the ability to obtain financing on acceptable terms, the performance characteristics of the oil and gas properties including seismic interpretation and drilling success. Consequently there is no representation by Fortress that it will close the proposed acquisition, complete the financing, or be successful in its drilling program.

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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