

Frequently Asked Questions

Why did the Fortress file for CCAA? How does this protect shareholders?

Upon receipt of the CRA Reassessment Notice, Fortress was required to pay 50% of the reassessed amount being approximately \$9.0 million. CRA has vast powers of collection, and indicated its expectation of Fortress to immediately pay such amount. Fortress elected to protect shareholders interests by applying to the Court of Queen's Bench for protection under CCAA. This allowed Fortress to maintain its business operations while it prepares to resolve the disputed claim by CRA. Had Fortress not filed for protection under CCAA, CRA had the power to cease all liquid assets leaving Fortress without resources to defend against the CRA claim.

How much did it cost to defend the CRA Claim? What other collateral cost were incurred in the process of the defense?

The legal costs incurred to Fortress to defend the claim amount to approximately \$1.0 million.

These costs do not include:

1. The increased audit cost of a company in creditor protection.
2. Cease trade order issued from April 1, 2011 to April 29, 2011 due to the longer time required to complete the year end 2010 audit.
3. The increased costs of field operations as field service providers add a risk factor of a company in Creditor Protection and often require cash up front prior to performing services.
4. Suspension of trading by the TSX and the inability to become listed on the TSX Venture.
5. Opportunity costs of pursuing new business ventures as the assets of Fortress remained essentially frozen under CCAA while having to continue to incur general and administrative expenses required to maintain reporting issuer status and oil and gas operations.

Are there remaining tax claims against Fortress?

The Reassessment by CRA automatically triggers a tax claim by the Government of Alberta Tax and Revenue Administration ("TRA"). In most cases the Government of Alberta follows the decisions of the CRA but Fortress must wait for a separate reassessment from the TRA to discharge any potential claim from the TRA.

Was Fortress required to make any other concession to the CRA?

The Appeals process is intended to address the Notice of Reassessment and the tax pool amounts therein.

Will these proceeding affect any of the Fortress Tax Pool Balances?

Fortress has approximately \$55 million of unused tax pools balances. None of these tax pools have been affected by the proceedings therefore available to be used to shelter future income tax payable.

What are the future plans of Fortress?

Fortress has been examining tight oil investment opportunities internationally utilizing horizontal drilling and completion techniques involving multi-stage fracturing which have transformed the North American oil and gas industry. Further announcements will be made in the near future as the opportunity progresses.