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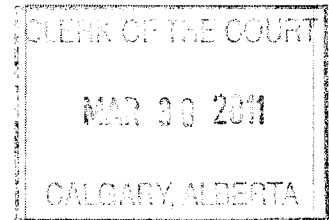
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COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY



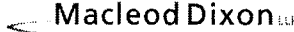
IN THE MATTER OF THE *COMPANIES CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS
AMENDED

AND IN THE MATTER OF FORTRESS ENERGY INC.

DOCUMENT

**FIRST REPORT OF THE MONITOR
HARDIE & KELLY INC.
March 29, 2011**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

 Macleod Dixon^{LLP}

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File No. 280672

**FIRST REPORT OF THE MONITOR
HARDIE & KELLY INC.
MARCH 29, 2011**

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INTRODUCTION

1. On March 2, 2011, Fortress Energy Inc. (“Fortress or the “Company”) made application for and obtained protection from its creditors under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended, (the “CCAA”) pursuant to an order (the “Initial Order”) of the Court of Queen’s Bench of Alberta (the “Court”).
2. Pursuant to the Initial Order, Hardie & Kelly Inc. was appointed as monitor (the “Monitor”) of the Company.
3. The purpose of this first report (the “First Report”) is to provide an update to the Court with respect to the following:
 - a. Background information with respect to the history of the Company and the circumstances leading to the CCAA proceeding;
 - b. The Company’s operations since the commencement of the CCAA proceedings;
 - c. The notice issued by the Monitor to the Company’s creditors;
 - d. The Company’s financial performance since the commencement of the proceedings;
 - e. The Company’s revised cash flow forecast for the period March 28, 2011 – May 27, 2011;
 - f. The Company’s request to pay certain critical suppliers and the Monitor’s recommendation thereto;
 - g. The Company’s request to be able to sell the shares of a publicly traded company that the Company holds and the Monitor’s recommendation thereto; and
 - h. The Company’s request for an extension of the stay of proceedings (the “Stay”) through to May 27, 2011 and the Monitor’s recommendation with respect thereto.

TERMS OF REFERENCE

4. In preparing this First Report, the Monitor has relied upon unaudited financial information, records of the Company and discussions with the Company's management ("Management"). The Monitor has not performed an audit, review or other verification of such information. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants Handbook has not been performed. Future-oriented financial information relied upon in this report is based on Management's assumptions regarding future events and actual results achieved may vary from this information and the variations may be significant.

BACKGROUND***Company History***

5. Fortress is a public company whose securities are listed on the Toronto Stock Exchange (the "TSX"). On August 31, 2010, the Company closed the sale of substantially all of its oil and gas assets to Terra Energy Corp. ("Terra"). Consequently, Fortress no longer met the listing requirements of the TSX; however, the Company intends on applying to have its shares listed on the TSX Venture Exchange or the Canadian National Stock Exchange.
6. The predecessor to Fortress, SignalGene Inc. ("SGI") was a bio-technology company formed under the laws of the Province of Quebec. In March 2003, the board of SGI announced that it would cease business and dispose of its assets with a view to maximizing shareholder value.
7. In August 2003, Network Capital Inc. ("NCI"), a private Calgary based investment firm, entered into a subscription agreement with SGI whereby NCI agreed to subscribe for 100,732,500 common shares and approximately 21,192,500 non-voting preferred shares of SGI (collectively referred to as the "Shares"). NCI agreed to use all its reasonable efforts to cause the directors to hire a management team with oil and gas experience.

8. In November 2003, NCI advised SGI that Network Portfolio Management Inc. (“NPMI”) would subscribe for the Shares. The Shares would be issued and allocated to a number of investors of NPMI for whom NPMI was the portfolio manager.
9. On November 6, 2003, the shareholders of SGI approved the issuance of the Shares, the appointment of new directors nominated by NCI and a change in name to SignalEnergy Inc. (“SEI”).
10. The Shares were issued on November 20, 2003 to a specific group of investors after which time 45.24% of the outstanding common shares were held by the group of investors whose accounts were managed by NPMI.
11. Over the next two years, SEI focused on developing its oil and gas business. To accomplish this objective, SEI completed three separate equity financings and completed business combinations with four oil and gas companies to facilitate its growth. SEI drilled and operated over 50 oil and gas wells and spent approximately \$44 Million on undeveloped land, acquisitions and drilling growing production to approximately 1,800 boe/d.
12. In February 2006, SEI received an unsolicited offer to acquire a substantial portion of its assets from a private arms-length company for \$100 Million which sale closed in March 2006.
13. In February 2007, the shareholders of SEI approved a reorganization whereby its shareholders exchanged their common shares for either 0.2 common shares of Fortress or a redeemable share, redeemable for \$1.30, subject to a maximum aggregate redemption amount of \$30 Million. Consequently, SEI became a wholly owned subsidiary of Fortress and the former shareholders of SEI received \$30 Million.
14. Subsequent to the share exchange, all of the assets of SEI were conveyed to Fortress and Fortress assumed all liabilities of SEI. SEI was then dissolved.

15. Over the next two years, Fortress continued with the oil and gas operations acquiring undeveloped land and producing oil and gas properties incurring approximately \$73 Million of capital expenditures financed through a combination of cash flow, three equity financings and bank debt.
16. Beginning in 2009, Fortress' borrowing facility became more restrictive given depressed natural gas prices. Consequently, after exploring a number of alternatives, on August 31, 2010 Fortress closed the sale of substantially all of its oil and gas assets to Terra for cash proceeds of over \$25 Million and 3,666,444 shares of Terra (the "Terra Shares"). With the cash sales proceeds, Fortress retired its entire bank debt of over \$23 Million.
17. Upon closing of the sale, the Company was left with an interest in five wells in the Buick Creek Area in British Columbia as its only remaining oil and gas assets.
18. Subsequent to closing the sale to Terra, Management began examining strategic alternatives for the Company to maximize shareholder value by utilizing the remaining assets and the corporate entity.
19. On February 18, 2011, Fortress announced its intention to transition itself into an independent power producer engaged in the development, ownership and operation of clean power generation facilities including retention of a new management team experienced in the power generation industry (the "Power Initiative").
20. Since the commencement of the CCAA proceedings, Management has determined that proceeding with the Power Initiative at this time would be cost prohibitive as the probability of securing an opportunity in the power industry is remote given the Company's current circumstances. Consequently, Management has elected to discontinue pursuit of the Power Initiative at this time and has terminated the consultants the Company engaged in this regard.

21. Additional information in respect of the Company is contained in the March 1, 2011 sworn Affidavit of Mr. J. Cameron Bailey (the “March 1 Bailey Affidavit”) which can be found along with other information in respect of this proceeding, including a copy of the Initial Order, on the Monitor’s website at www.releiffromdebt.ca (the “Monitor’s Website”) under the *Current Engagements* link.

Current Circumstances

22. On February 23, 2011, Canada Revenue Agency (“CRA”) verbally advised the Company that CRA had issued Notices of Reassessment (collectively referred to as the “Reassessment”) claiming a payment obligation of approximately \$18 Million. The Reassessment which was faxed to the Company’s tax counsel on March 1, 2011, denies deductions claimed by Fortress in computing its taxable income for the 2004, 2005 and 2006 taxation years.
23. CRA verbally advised Fortress that as a result of the Reassessment approximately \$9 Million was due and payable immediately given the Company’s status as a “large corporation”. Consequently, the Company filed for protection under the CCAA as given the Company’s inability to satisfy this obligation. The initiation of enforcement steps by CRA would potentially have been fatal to the Company. The Company disputes the Reassessment by CRA and believes that its claim will ultimately not be sustainable.
24. Since the commencement of the proceedings, Management has been proactive by holding discussions with CRA and CRA’s legal counsel to discuss the situation and the best method by which to expedite the Company’s appeal of the Reassessment.
25. CRA has advised that a compromise of the Reassessment is not possible at this time and that they would vigorously dispute their claim being adjudicated within the CCAA proceedings given the specific technical nature of their claim. Consequently, the Company, with the concurrence of the Monitor, has at this time elected to defer seeking this Honourable Court’s approval to administer a claims process.

26. Subsequent to the initial meeting with CRA, the Company filed a Notice of Objection to the Reassessment on March 28, 2011.
27. At this time, it is uncertain how long it will take to obtain a final determination of the merits of CRA's claim and the Notice of Objection. Notwithstanding this uncertainty, the Company is investigating potential alternatives that could allow the Company to survive and provide a more beneficial outcome to its stakeholders, including shareholders, than the liquidation of the Company's assets.

OPERATIONAL UPDATE

28. Fortress currently has only two full-time employees but engages a number of parties in consulting capacities including their geologist, controller, production accountant and a management company, Navigator Resource Consulting Ltd. ("Navigator"), to administer its oil and gas properties.
29. As mentioned above, the Company has an interest in and operates five wells in the Buick Creek area in British Columbia. At this time, only two of the wells are producing having generated production levels averaging approximately 29 boe/d since March 2, 2011. Prior to the commencement of the CCAA proceedings, the Company had planned to complete a well work over to bring a third well back on-stream, a compressor reconfiguration and maintenance in accordance with its ongoing capital expenditure program with a view to increasing production and to preserve the value of its remaining oil and gas assets. The anticipated cost of this capital expenditure program is approximately \$262,500 and Management anticipates this program will ultimately increase production to 100 boe/d. The Monitor has met with Management and Navigator to discuss the merits and benefits of incurring these expenditures. As a result, the Monitor is satisfied that it is appropriate for the Company to incur these expenditures as originally planned.

NOTICE TO CREDITORS

30. Pursuant to the terms of the Initial Order, the Monitor issued notice of the CCAA proceedings (the “Creditor Notice”) to all known creditors as indicated by the Company. Creditors were directed to the Monitor’s Website to obtain a copy of the Initial Order and a listing of the known creditors as represented by the Company’s Management. The Creditor Notice encourages creditors to refer back to the Monitor’s Website frequently for updates as to the status of the proceedings. A copy of the Creditor Notice is attached as Appendix “A”.
31. Pursuant to the terms of the Initial Order and the CCAA, the Monitor arranged for notice of the CCAA proceedings (the “Newspaper Notice”) to be published in each of the *Calgary Herald* and the *Globe and Mail* on Tuesday, March 8, 2011 and Thursday, March 10, 2011 respectively. A copy of the form of the Newspaper Notice is attached as Appendix “B”.
32. Pursuant to the terms of the CCAA, the Monitor has filed with the Office of the Superintendent of Bankruptcy (the “OSB”) *Forms 1 and 2* containing certain prescribed information regarding the proceedings. The respective *Acknowledgements of Filing* issued by the OSB are attached as Appendix “C” and Appendix “D” respectively.

FINANCIAL PERFORMANCE

33. Concurrent with the Company’s initial application, Fortress filed a cash flow forecast through to the week of April 18, 2011 attached as Exhibit “B” of the March 1 Bailey Affidavit (the “Initial Forecast”).
34. A variance analysis of the Company’s actual receipts and disbursements over the period February 28 – March 25, 2011 versus the corresponding period in the Initial Forecast is set out in the following table:

February 28 – March 25, 2011			
	Actual	Forecast	Variance
<u>RECEIPTS</u>			
Petroleum and natural			
gas revenues	15,781	27,750	(11,969)
Processing revenues	10,992	7,500	3,492
Plus/(Less): royalties	<u>1,361</u>	<u>(1,500)</u>	<u>2,861</u>
	28,134	33,750	(5,616)
Miscellaneous	<u>6,472</u>	<u>-</u>	<u>6,472</u>
	<u>34,606</u>	<u>33,750</u>	<u>856</u>
<u>DISBURSEMENTS</u>			
<u>Oil and Gas Operations</u>			
Operating costs	-	-	-
Capital expenditures	-	-	-
Payroll			
Employees & benefits	(12,347)	(12,725)	378
Consultants	(21,000)	(15,750)	(5,250)
Lease Payments			
Premises	-	-	-
Land and mineral lease rentals	(1,120)	-	(1,120)
General and administrative	(4,621)	(9,100)	4,479
Professional fees	-	-	-
Restructuring costs	-	-	-
<u>Oil and Gas Operations</u>			
Premises	(3,223)	-	(3,223)
Consultants	(40,314)	(28,875)	(11,439)
General and administrative	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(82,625)</u>	<u>(66,450)</u>	<u>(16,175)</u>
NET CASH FLOW	(48,019)	(32,700)	(15,319)
OPENING – CASH	<u>955,697</u>	<u>955,697</u>	<u>-</u>
CLOSING – CASH	<u>907,678</u>	<u>922,997</u>	<u>(15,319)</u>

35. Fortress experienced a negative cash flow of approximately \$48,000 over the first four weeks of the CCAA proceedings through to March 25, 2011 versus an anticipated deficit of approximately \$33,000 over the same period. The Initial Forecast contemplated neither significant receipts nor expenditures over the first four weeks of the proceedings.
36. The Company maintained a cash balance of approximately \$908,000 as at March 25, 2011. As mentioned above, Fortress has no secured debt or lending facility.
37. In addition, the Company continues to own the Terra Shares with a current estimated market value of approximately \$4.2 Million.

CASH FLOW FORECAST

38. Management, with the assistance of the Monitor, has prepared a revised cash flow forecast for the period March 28 – May 27, 2011 (the “March 28 Forecast”) which is attached as Appendix “E”.
39. A summary of the March 28 Forecast is provided in the table below:

<u>March 28 – May 27, 2011</u>		
	Forecast	Notes
<u>RECEIPTS</u>		
P&NG revenues	63,431	
Processing revenues	15,000	
Less: royalties	<u>(4,000)</u>	
	74,431	
Miscellaneous	<u>16,429</u>	
Total Receipts	<u>90,860</u>	
<u>DISBURSEMENTS</u>		
<u>Oil and Gas Operations</u>		
Operating costs	(33,375)	
Capital expenditures	(262,500)	a)
Payroll		
Employees & Benefits	(51,760)	
Consultants	(108,394)	
Lease Payments		
Premises	(8,400)	
Land/mineral leases	(5,000)	
General and administrative	(33,200)	
Professional fees	(147,965)	b)
Restructuring costs	(-)	
<u>Power Initiative</u>		
Premises	(8,520)	c)
Consultants	(25,407)	c)
General and administrative	(5,250)	c)
Critical suppliers	<u>(53,744)</u>	d)
Total Disbursements	<u>(743,515)</u>	
Net Cash Flow	<u>(652,655)</u>	
Opening Cash	<u>907,678</u>	
Closing Cash	<u>255,023</u>	

40. The March 28 Forecast reflects negative cash flow of approximately \$653,000 over the period. However, there are several unique expenditures totalling approximately \$503,000 forecast in this period as follows:

- a. Capital expenditures – \$262,500 - as discussed above, this represents the previously budgeted well work over and compressor maintenance necessary to preserve asset value and increase production levels at Buick Creek;
 - b. Professional fees – \$148,000 – the costs of the annual audit and costs to ensure the company is compliant with the new International Financial Reporting Standards which Management advises are critical to incur if the Company is to continue as a going concern entity;
 - c. Power Initiative – \$39,000 – final estimated costs to wind down the discontinued Power Initiative; and
 - d. Critical Suppliers – \$54,000 – as mentioned above, Fortress engages a number of consultants critical to the day to day operations of the Company who were owed money as of the commencement of the proceedings on March 2, 2011 in respect of services provided in February. The Monitor has met with Management and certain of the consultants (including Navigator who is owed approximately \$27,000) to discuss the situation. In the circumstances, the Monitor concurs with the payment of the arrears as it would be cost prohibitive to replace these parties and potentially detrimental to the Company’s restructuring efforts if the various consultants withdrew their services.
41. The Monitor is satisfied that the March 28 Forecast is reasonable in the circumstances; however, the Monitor wishes to highlight that the March 28 Forecast does not contemplate disbursements in respect of the restructuring fees and expenses of the Company’s legal counsel, tax counsel, the Monitor or the Monitor’s legal counsel as it assumed that these costs will be funded from retainers previously issued by the Company.

TERRA SHARES

42. The Company holds approximately 3.7 million Terra Shares. The Company will be making application to seek this Honourable Court's approval to allow for the sale of the Terra Shares to a third party with the proceeds being held in trust pending further order of this Court provided the Monitor approves in writing that the sale is commercially reasonable. The Monitor concurs with this course of action.

RESTRUCTURING EFFORTS

43. The Monitor is satisfied that Management has been acting with due diligence and in good faith. Since the commencement of the CCAA proceedings, Management has:
- a. initiated discussions and a meeting with CRA and CRA's legal counsel to review CRA's claim and a process for advancing the Company's opposition to the validity of the claim;
 - b. filed a Notice of Objection to the Reassessment;
 - c. discontinued the Power Initiative with a view to reducing costs; and
 - d. held preliminary discussions with legal counsel in regard to potential restructuring alternatives.

RECOMMENDATION

44. The Monitor is of the view that a further extension of the Stay is warranted for the following reasons:
- a. To allow the Company the opportunity to be afforded the due process to which it is entitled with respect to its objection to the Reassessment; and
 - b. To allow Management sufficient time to continue to explore and pursue potential restructuring initiatives in the interim.

45. As set out above, the Monitor is also supportive of the following:
- a. Authorizing the payment to those parties deemed to be critical suppliers as provided for in the March 28 Forecast; and
 - b. Authorizing Fortress to sell the Terra Shares upon the written approval of the Monitor with the proceeds to be held in trust by the Company's counsel pending further order of this Honourable Court.

All of which is respectfully submitted this 29th day of March 2011.

Hardie & Kelly Inc., in its capacity as
Monitor of Fortress Energy Inc.
and not in its personal capacity

Per: 

Marc Kelly, CA•CIRP
Senior Vice President

APPENDIX “A”

March 9, 2011

To the Creditors of Fortress Energy Inc.

Dear Sirs:

Re: Proceedings under the *Companies' Creditors Arrangement Act*

On March 2, 2011, Fortress Energy Inc. (the "Company") made an application for protection under the *Companies' Creditors Arrangement Act* ("CCAA") and an Initial Order (the "CCAA Order") was granted by the Honourable Justice G.C. Hawco of the Court of Queen's Bench of Alberta (the "Court"). The Court appointed Hardie & Kelly Inc. as Monitor of the Company (the "Monitor").

The CCAA Order grants the Company certain relief including the imposition of an initial *Stay of Proceedings* against the Company and its assets through to March 31, 2011. Claims against the Company for payment for goods and services supplied to the Company prior to March 2, 2011 are suspended and creditors are prohibited from continuing or taking any actions or exercising any rights against the Company except with leave of the Court.


A copy of the CCAA Order and a list of the names and addresses and amounts due to the Company's creditors as estimated by the Company's management can be found on the Monitor's website (the "Website") at <http://www.relieffromdebt.ca/index.php/Fortress-Energy-Inc.html> or by contacting the Monitor directly. **You are not required to file a proof of claim at this time.**

Additional materials will be posted to the Website from time to time. The next Court application in the proceedings is anticipated to be held on March 31, 2011. Creditors are encouraged to check the Website regularly for updates as to the status of the proceedings.

Should you have any questions or concerns please contact the undersigned at 403-252-1766 or Mr. Cameron Bailey, President and Chief Executive Officer of the Company, at 403-398-3345.

Yours truly,

Hardie & Kelly Inc., in our capacity
as Monitor of Fortress Energy Inc.
and not in its personal capacity


Per: Marc Kelly, CA•CIRP
Senior Vice President

APPENDIX “B”

Action No.: 1101-02781

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE OF CALGARY**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36**

**AND IN THE MATTER OF
FORTRESS ENERGY INC.**

On March 2, 2011, upon the application of Fortress Energy Inc. (the "Company") the Court of Queen's Bench of Alberta (the "Court") granted an Order (the "Initial Order") under the *Companies' Creditors Arrangement Act* providing for an initial stay of proceedings through to March 31, 2011. Hardie & Kelly Inc. was appointed as monitor (the "Monitor"). The Initial Order and a list of creditors, as estimated by the Company, can be accessed by referring to the *Current Engagements* page on the Monitor's website at www.relieffromdebt.ca (the "Website"). Interested parties are encouraged to check the Website frequently for updates as to the status of the proceedings. For further information contact Mr. Marc Kelly, of Hardie & Kelly Inc., at 403-252-1766 or by e-mail at mkelly@insolvency.net.



APPENDIX “C”



Office of the Superintendent
of Bankruptcy Canada

An Agency of
Industry Canada

Bureau du surintendant
des faillites Canada

Un organisme
d'Industrie Canada

District of **Alberta**
File Number: **0000056-2011-AB**

In the Matter of the *Companies' Creditors Arrangement Act* proceedings of:

Fortress Energy Inc.

Debtor

Hardie & Kelly Inc.

Monitor

Date of the Initial Order: March 02, 2011
Document Filing Date: March 03, 2011

ACKNOWLEDGEMENT OF FILING - FORM 1

This is to acknowledge receipt of the prescribed Form 1 of the schedule, entitled "Information Pertaining to the Initial Order", in respect of the aforementioned debtor, pursuant to the provisions of paragraph 23(1)(f) of the *Companies' Creditors Arrangement Act*.

The aforementioned monitor is required:

to file with the Superintendent of Bankruptcy, the initial application, the initial order and any amendments to that order, within two business days after the day on which the monitor receives them.

Note:

Acknowledgement issued on:

March 04, 2011

Designated Analyst at the Office of the Superintendent of Bankruptcy:

Name of the Analyst: Patrick Wolfe
Email address: ccaa_lacc@ic.gc.ca
Telephone number: 613-943-2875
Facsimile: 613-996-0949

Mailing address: Industry Canada
Office of the Superintendent of Bankruptcy – CCAA Team
160 Elgin Street,
Ottawa, Ontario K2P 2P7

APPENDIX “D”



Office of the Superintendent
of Bankruptcy Canada

An Agency of
Industry Canada

Bureau du surintendant
des faillites Canada

Un organisme
d'Industrie Canada

District of **Alberta**
File Number: **000056-2011-AB**

In the Matter of the *Companies' Creditors Arrangement Act* proceedings of:

Fortress Energy Inc.

Debtor

Hardie & Kelly Inc.

Monitor

Date of the Initial Order: March 02, 2011
Document Filing Date: March 08, 2011

ACKNOWLEDGEMENT OF FILING - FORM 2

This is to acknowledge receipt of the prescribed Form 2 of the schedule, entitled "Debtor Company Information Summary (Commencement of Proceedings)", in respect of the aforementioned debtor, pursuant to the provisions of paragraph 23(1)(f) of the *Companies' Creditors Arrangement Act*.

The aforementioned monitor is required:

- to file with the Superintendent of Bankruptcy, the prescribed Form 3 of the schedule, entitled "Debtor Company Information Summary (Following the Order Discharging the Monitor)", within five business days after the day on which the court makes an order discharging the monitor.

Acknowledgement issued on:

March 09, 2011

APPENDIX “E”

Fortress Energy Inc.
Cash Flow
(unaudited)

	Notes	WEEK BEGINNING										TOTAL		
		28-Mar-11	04-Apr-11	11-Apr-11	18-Apr-11	25-Apr-11	02-May-11	09-May-11	16-May-11	23-May-11				
RECEIPTS														
Petroleum and natural gas revenues	1	431				25,000							38,000	63,431
Processing revenues	1	7,500				(2,000)				7,500			(2,000)	15,000
Less: Crown royalties	1													(4,000)
Accounts Receivable		7,931				23,000				7,500			36,000	74,431
		9,629				6,800								16,429
Subtotal		17,560				29,800				7,500			36,000	90,360
DISBURSEMENTS														
Oil and Gas Operations														
Operating Costs	2	(13,275)				(20,100)								(33,375)
Capital items	3		(157,500)			(105,000)								(262,500)
Payroll														
Employees & benefits	4	(12,940)		(12,940)		(12,940)				(12,940)			(4,200)	(51,760)
Consultants	4	(24,184)	(5,880)	(5,880)	(5,250)	(49,350)			(4,200)	(5,250)			(4,200)	(108,394)
Lease payments														
Premises	5	(4,200)				(4,200)								(8,400)
Land lease rentals	5					(5,000)								(5,000)
General & administrative	6	(10,500)				(10,500)								(33,200)
Professional fees	7	(132,215)				(15,750)								(147,965)
Power Initiative														
Premises	8	(8,020)				(500)								(8,520)
Consultants	8	(25,407)												(25,407)
General & administrative	8	(5,250)				(6,100)								(5,250)
Critical suppliers	9	(53,744)												(53,744)
Restructuring costs	10													
Subtotal		(289,735)	(163,380)	(18,820)	(11,350)	(223,340)	(5,250)	(17,140)	(4,200)	(5,250)	(17,140)	(4,200)	(10,300)	(743,515)
NET CASH FLOW (DEFICIT)		(272,175)	(163,380)	(18,820)	(11,350)	(193,540)	2,250	(17,140)	(4,200)	2,250	(17,140)	(4,200)	25,700	(652,655)
OPENING CASH		907,678	635,503	472,123	453,303	441,953	248,413	250,663	233,523	248,413	233,523	229,323	229,323	907,678
CLOSING CASH		635,503	472,123	453,303	441,953	248,413	250,663	233,523	229,323	250,663	233,523	229,323	255,023	255,023

Notes:

- 1 Revenues (net of transportation charges) and royalties have been estimated based on recent historical results and estimated pricing.
- 2 Field operating costs have been estimated based on recent historical operations and anticipated projects.
- 3 Includes planned well workover and compressor reconfiguration and maintenance.
- 4 It is assumed that wages, benefits and consulting fees will continue to be paid in the ordinary course.
- 5 It is assumed lease obligations will be paid in the ordinary course.
- 6 Estimated general and administrative costs based on recent historical values.
- 7 Audit fees, International Financial Reporting Standards consulting fees and legal fees re: Investment Tax Credit judicial review application.
- 8 Balance of Power Initiative costs to March 15.
- 9 Suppliers who perform critical essential services for Fortress Energy Inc.
- 10 It is assumed costs associated with restructuring including those of the company's legal counsel, the Monitor and counsel for the Monitor will be paid from retainers previously issued.