

For Immediate Release



**FORTRESS PAPER ANNOUNCES
\$40.25 MILLION CLOSING OF BOUGHT DEAL OFFERING**

VANCOUVER, British Columbia, December 22, 2011 – Fortress Paper Ltd. ("Fortress Paper" or the "Company") (TSX:FTP) is pleased to announce that it has completed its previously announced bought deal offering (the "Offering") of 6.50% convertible unsecured subordinated debentures (the "Debentures"), including the exercise in full of the underwriters' over-allotment option, resulting in aggregate gross proceeds of \$40,250,000. The Offering was conducted by way of a short form prospectus dated December 19, 2011 through a syndicate of underwriters led by Raymond James Ltd. and included Canaccord Genuity Corp., Dundee Securities Ltd., RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc., Cormark Securities Inc. and Acumen Capital Finance Partners Limited, who purchased a total of 40,250 Debentures at a price of \$1,000 per Debenture.

Fortress Paper intends to use the net proceeds of the Offering to reduce outstanding indebtedness, to fund costs arising from its Fortress Specialty Cellulose project and for working capital and general corporate purposes.

This news release shall not constitute an offer to sell or the solicitation of any 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. The securities offered will not be and have not been registered under the United States *Securities Act of 1933*, as amended (the "U.S. Securities Act") and may not be offered or sold in the United States except pursuant to exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws.

About Fortress Paper

Fortress Paper operates internationally in three distinct business segments: dissolving pulp, specialty papers and security paper products. The Company operates its dissolving pulp business at the Fortress Specialty Cellulose Mill located in Canada, where it has recently commenced production of dissolving pulp after successfully completing the conversion of the mill from a NBHK pulp to a dissolving pulp operation. The Fortress Specialty Cellulose Mill is also in the process of expanding into the renewable energy generation sector with the construction of a co-generation facility. The Company operates its specialty papers business at the Dresden Mill located in Germany, where it is a leading international producer of specialty non-woven wallpaper base products. The Company operates its security paper products business at the Landqart Mill located in Switzerland, where it produces banknote, passport, visa and other brand protection and security papers, and at its Fortress Optical facility located in Canada, where it manufactures optically variable thin film material.

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This news release contains certain forward-looking statements that reflect the current views and/or expectations of Fortress Paper with respect to its performance, business and future events, including statements regarding Fortress Paper's intended use of proceeds raised from the public offering of its debentures. Forward-looking statements are based on the then-current expectations, beliefs, assumptions, estimates and forecasts about the business and the industry and markets in which the Company operates. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions which are difficult to predict. Investors are cautioned that all forward-looking statements involve risks and uncertainties including, without limitation, risks relating to changes in the market, potential downturns in economic conditions, fluctuations in the price and supply of raw materials, foreign exchange fluctuations, labour relations, regulatory requirements, competition, dependence on major customers, and other risk factors listed from time to time in the Corporation's public filings. These risks, as well as others, could cause actual results and events to vary significantly. Accordingly, readers should not place undue reliance on forward-looking statements, which are qualified in their entirety by this cautionary statement. Fortress Paper does not undertake any obligations to release publicly any revisions for updating any voluntary forward-looking statements, except as required by applicable securities law.

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