



FORTRESS PAPER ANNOUNCES \$50 MILLION BOUGHT DEAL EQUITY OFFERING

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VANCOUVER, British Columbia, January 20, 2011 – Fortress Paper Ltd. (TSX: FTP) (“Fortress Paper” or the “Company”) today announced that it has entered into an agreement with a syndicate of underwriters led by Raymond James Ltd. and including Dundee Securities Corporation, RBC Capital Markets, Cormark Securities Inc., TD Securities and Acumen Capital Finance Partners, pursuant to which the underwriters have agreed to purchase from Fortress Paper and sell to the public an aggregate of 967,000 common shares of the Company (the “Shares”) priced at \$51.75 per Share (the “Offering Price”). The Company has also granted the underwriters an option to purchase up to an additional 145,050 common shares of the Company at the Offering Price, exercisable in whole or in part for a period up to closing of the offering, to cover over-allotments and for market stabilization purposes, if necessary.

The offering will result in gross proceeds of approximately \$50 million assuming that the over-allotment option is not exercised, and approximately \$57.5 million if the over-allotment option is fully exercised. Closing is expected to occur on or about February 10, 2011 and is subject to customary conditions and regulatory approvals, including the approval of the Toronto Stock Exchange. The offering will be conducted by way of a short form prospectus to be filed by Fortress Paper in each of the provinces of Canada, as well as in the United States under applicable private placement exemptions.

Fortress Paper intends to use the net proceeds of the offering to finance certain capital expenditures 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 any of the securities being offered, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities being offered will not be and have not been registered under the United States Securities Act of 1933, as amended or any state securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons, except pursuant to exemptions from registration requirements.

About Fortress Paper

Fortress Paper is a leading international producer of security and other specialty papers and products. Fortress operates three mills, the Landqart Mill located in Switzerland, the Dresden Mill located in Germany and the Fortress Specialty Cellulose Mill located in Quebec, Canada. Fortress Paper's security papers include banknote, passport and visa papers

and its specialty papers include non-woven wallpaper base products. Fortress Paper's pulp business includes NBHK produced at the Fortress Specialty Cellulose Mill with plans to convert this capacity into dissolving pulp production along with the construction of a biomass based cogeneration plant.

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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 intention to conduct a public offering of its common shares; the timing and completion of the intended offering; and the intended use of proceeds. 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, including assumptions relating to the timing of and the Company's ability to successfully complete the offering; that all approvals for the offering will be received; and that there will be no events that trigger termination rights under the agreement with the underwriters. 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, that the Company will be unable to receive approvals required for the offering; that the offering will not be completed in the expected timeframe or at all; and those 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, reputation, competition, dependence on major customers, and other risk factors listed from time to time in the Company'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 and information, 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.