

For Immediate Release



FORTRESS PAPER ANNOUNCES ACQUISITION OF OPTICAL SECURITY ASSETS FROM THE BANK OF CANADA

VANCOUVER, British Columbia, December 8, 2010 – Fortress Paper Ltd. ("Fortress Paper" or the "Corporation") (TSX:FTP), announces the signing of an asset purchase agreement (the "APA"), by its wholly-owned subsidiary Fortress Optical Features Ltd., to acquire the assets of the Bank of Canada's Optical Security Material (OSM) division (the "OSM Assets"), which produces the optically variable security material for the security threads contained in Canadian banknotes. The Corporation will be paying a purchase price of \$750,000 for the OSM Assets and will be granting the Bank of Canada a royalty-free license to use the intellectual property sold to the Corporation for Canadian banknote applications.

Chad Wasilenkoff, CEO of Fortress Paper, commented, "We are very pleased to announce this new acquisition which will supplement our existing paper-based high security feature offerings and which we intend to market as a security feature to other banknote producers around the world. The OSM features will complement and enhance our Landqart Mill which is a leading producer of banknote paper and other paper-based high security solutions."

The OSM Assets being acquired by Fortress Paper include certain patent applications and intellectual property rights to optical security features, unique security applications and substantially all of the production equipment and machinery currently used at the OSM division. In connection with this acquisition, Fortress has also secured the services of certain key members of the OSM team to maintain operational continuity and production quality following the purchase of the OSM Assets.

The closing of the APA, which is expected to be in early January, 2011, is subject to customary conditions. Following closing of the acquisition of the OSM Assets, the Corporation intends to relocate the OSM Assets to a new multi-million dollar high security production and research and development facility which the Corporation will be building adjacent to its Thurso Mill in Quebec (the "New OSM Facility").

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, and graphic and technical papers. 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 relating to the Corporation's completion of the APA, its ability to retain key members of the OSM team, its intention to relocate the OSM Assets to the New OSM Facility, the construction of the New OSM Facility and the expected effects of the acquisition on the business of the Corporation. 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 Corporation operates, including assumptions that the Corporation will successfully complete the APA, retain key members of the OSM team, complete construction of the New OSM Facility and successfully relocate and integrate the OSM Assets thereat, and that the OSM Assets will enhance the Corporation's security paper business. Investors are cautioned that all forward-looking statements involve risks and uncertainties including, without limitation, those relating to changes in the market, potential downturns in economic conditions, foreign exchange fluctuations, regulatory requirements, competition, risks associated with the completion of the APA, the building of the New OSM Facility, that the Corporation will be able to implement its business plan in respect of the OSM Assets as planned or at all, that the acquisition will not have the expected effect on the Corporation's business, 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. 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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