



FORTRESS PAPER ANNOUNCES CLOSING OF \$69 MILLION BOUGHT DEAL OFFERING

VANCOUVER, British Columbia, July 10, 2012 – 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 7.0% convertible unsecured subordinated debentures (the "Debentures"), including the exercise in full of the underwriters' over-allotment option, resulting in aggregate gross proceeds of \$69,000,000. The Offering was conducted by way of a short form prospectus dated July 3, 2012 through a syndicate of underwriters co-led by Raymond James Ltd. and Scotiabank, and included Canaccord Genuity Corp., Dundee Securities Ltd., RBC Dominion Securities Inc., TD Securities Inc., CIBC World Markets Inc., Cormark Securities Inc. and Acumen Capital Finance Partners Limited, who purchased a total of 69,000 Debentures at a price of \$1,000 per Debenture.

Fortress Paper intends to use the net proceeds of the Offering to fund capital expenditures relating to the cogeneration project at its Fortress Specialty Cellulose Mill, to fund capital expenditures relating to its recently acquired Fortress Global Cellulose Mill in Lebel-sur-Quévillon, Québec, to reduce outstanding indebtedness 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, which is also in the process of expanding into the renewable energy generation sector with the construction of a cogeneration facility. The Company is also seeking to expand its dissolving pulp capacity with the recent acquisition of the Fortress Global Cellulose Mill located at Lebel-sur-Quévillon, Québec, which the Company intends to convert into a dissolving pulp mill and re-start the cogeneration 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.

For more information, please contact:

Chadwick Wasilenkoff
Fortress Paper Ltd.
604-904-2328
info@fortresspaper.com
www.fortresspaper.com

This press 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 of the Offering and its intention to convert the Fortress Global Cellulose Mill into a dissolving pulp operation. 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 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.