

For Immediate Release



FORTRESS PAPER ANNOUNCES CONVERTIBLE DEBENTURE FINANCING

VANCOUVER, British Columbia, April 16, 2010 – Fortress Paper Ltd. (“Fortress Paper” or the “Corporation”) today announces, further to its news release of March 18, 2010, the signing of a subscription agreement (the "Subscription Agreement") with Solidarity Fund QFL (the "Fund") providing for the subscription of an unsecured convertible debenture of Fortress Paper (the "Debenture") in the principal amount of \$15 million maturing five years following the date of its issuance and bearing interest at a rate of 7% per annum. The Debenture will be convertible, in whole or in part, at the option of the Fund into common shares of Fortress Paper at any time after the date of its issuance at a conversion price equal to \$20.00.

The Debenture will be redeemable, in whole or in part, at the option of Fortress Paper from the second anniversary date of its issuance, provided that the volume weighted average trading price of Fortress' common shares on the Toronto Stock Exchange (the "TSX") is not less than \$25.00.

The Debenture financing is part of the financing package being arranged by Fortress Paper in connection with its plans to acquire and convert the Thurso Mill in Québec into a high quality specialty cellulose mill and to construct a new cogeneration facility as announced on March 18, 2010.

The closing of the Subscription Agreement is subject to various conditions, including (i) the concurrent completion of a senior debt financing providing for credit facilities in the amount of up to \$100 million to be used in connection with the Thurso Mill; (ii) the closing of the acquisition of the Thurso Mill; and (iii) receipt of TSX approval for the issuance by Fortress Paper of the Debenture.

The Ontario Superior Court of Justice (Commercial List) has approved the sale of the Thurso Mill. The closing of the acquisition of the Thurso Mill and Subscription Agreement is expected to occur on or about April 30, 2010.

About Fortress Paper

Fortress Paper is a leading international producer of security and other specialty papers. Fortress Paper operates two paper mills, the Landqart Mill located in Switzerland and the Dresden Mill located in Germany. 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. As an extension of its security papers business, the Landqart Mill has been actively developing and marketing innovative paper-based security products.

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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 completion of the acquisition of the Thurso Mill and the outcome of the Corporation's financing initiatives and its intention to convert the Thurso

Mill into a specialty cellulose (dissolving pulp) operation and its plans to build a biomass based cogeneration plant. 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 relating to the Corporation's ability to complete the acquisition of the Thurso Mill; its ability to complete the necessary financing to successfully implement its business plan in respect of the Thurso Mill; and the expected effects of the acquisition of the Thurso Mill on the business of the Corporation. 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 Corporation will not complete the acquisition of the Thurso Mill or its financing initiatives; will not obtain the necessary financing to complete its business plan in respect of the Thurso Mill; will be unable to implement its business plan in respect of the Thurso Mill as planned 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 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 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.

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