



FORTRESS PAPER ANNOUNCES \$30 MILLION PUBLIC OFFERING OF CONVERTIBLE DEBENTURES

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VANCOUVER, British Columbia, December 7, 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 Canaccord Genuity Corp., Dundee Securities Ltd., RBC Capital Markets, Scotia Capital Inc., TD Securities Inc., Cormark Securities Inc. and Acumen Capital Finance Partners Ltd. pursuant to which the underwriters will purchase \$30 million principal amount of convertible unsecured subordinated debentures at a price of \$1,000 per debenture. Fortress Paper has also granted the underwriters an over-allotment option to purchase up to an additional \$4.5 million aggregate principal amount of debentures for a period of 30 days following closing to cover over-allotments.

The convertible debentures will mature on December 31, 2016 and will accrue interest at the rate of 6.50% per annum payable on a semi-annual basis. At the holder’s option, the convertible debentures may be converted into common shares in the capital of Fortress Paper at any time up to the maturity date. The conversion price will be \$37.50 for each common share, subject to adjustment in certain circumstances.

The convertible debentures will be direct, unsecured obligations of Fortress Paper, subordinated to other indebtedness of the Company for borrowed money and ranking equally with all other unsecured subordinated indebtedness.

The convertible debentures will not be redeemable before December 31, 2014. From December 31, 2014 through to maturity date, Fortress Paper may, at its option, redeem the convertible debentures, in whole or in part, at par plus accrued and unpaid interest provided that the volume weighted average trading price of the common shares of the Company on the Toronto Stock Exchange during a specified period prior to redemption is not less than 125% of the conversion price.

Subject to specified conditions, Fortress Paper will have the right to repay the outstanding principal amount of the convertible debentures, on maturity or redemption, through the issuance of common shares of the Company. Fortress Paper also has the option to satisfy its obligation to pay interest through the issuance and sale of additional common shares of the Company.

The net proceeds of the financing will be used for repayment of debt, the funding of capital expenditures relating to the Fortress Specialty Cellulose Mill, working capital and general corporate purposes.

The offering is scheduled to close on or about December 22, 2011 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the Toronto Stock Exchange.

A preliminary short-form prospectus will be filed with securities regulatory authorities in all provinces of Canada.

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 is a leading international producer of security and other specialty papers and products. Fortress Paper 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 dissolving pulp produced at the Fortress Specialty Cellulose Mill.

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