

For Immediate Release



FORTRESS PAPER ANNOUNCES \$40.9 MILLION CLOSING OF BOUGHT DEAL OFFERING

VANCOUVER, British Columbia, July 7, 2010 – 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 1,739,000 common shares of the Company (the "Offered Shares") at a price of \$23.50 per Offered Share for gross proceeds of \$40,866,500. The Offering was conducted by way of a short form prospectus dated June 22, 2010 through a syndicate of underwriters led by Dundee Securities Corporation and included Jennings Capital Inc., Raymond James Ltd. and TD Securities Inc.

Fortress Paper intends to use the net proceeds of the Offering to finance certain capital expenditures relating to its Fortress Specialty Cellulose Mill in Thurso, Quebec and its rebuild of papermachine number 1 at its Landqart Mill in Switzerland, and for working capital.

The securities have not been and will not be registered under the United States *Securities Act of 1933*, as amended, or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from registration requirements. This press release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States.

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 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 raised from the public offering of its common shares. 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. 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, 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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