

For Immediate Release



FORTRESS PAPER ANNOUNCES ELECTRICITY SUPPLY AGREEMENT WITH HYDRO QUÉBEC

VANCOUVER, British Columbia, October 1, 2012 – Fortress Paper Ltd. ("**Fortress Paper**" or the "**Corporation**") announced today that it has signed, through its wholly-owned subsidiary, Fortress Global Cellulose Ltd. ("**Fortress Global**"), an electricity supply agreement with Hydro Québec for the sale of green electricity to be produced at the Fortress Global Cellulose Mill's cogeneration facility upon its re-start. The agreement was entered into in connection with Hydro-Québec Distribution's Power Purchase Program for electricity derived from forest biomass, which was launched on December 20, 2011.

Under the terms of the agreement, Fortress Global will provide up to 34 megawatts of green power to Hydro Québec commencing no later than June 1, 2014, at a price of \$106 per megawatt hour, indexed to the consumer price index over a 25 year term.

Chadwick Wasilenkoff, CEO of Fortress Paper, states, "The signing of the electricity supply agreement represents a key component in achieving our business plan at the Fortress Global Cellulose Mill, which includes the restart of the cogeneration facility to produce green electricity that in turn will reduce production costs. Generating green energy exemplifies our commitment to sustainable development and we believe that the results of this partnership with Hydro Québec will be beneficial to the environment and the community, as well as to Fortress Paper."

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 where the Company intends to 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.

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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 its expectations of the benefits of the production of green energy at its cogeneration facility. 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, that the re-start of the cogeneration facility at the Fortress Global Cellulose Mill will not proceed as expected; 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, 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.