For Immediate Release

FORTRESS PAPER ANNOUNCES FOURTH QUARTER 2011 RESULTS

Vancouver, British Columbia, March 5, 2012 – Fortress Paper Ltd. (“Fortress Paper” or the “Company”) reported 2011 fourth quarter EBITDA loss of $1.5 million. For the third quarter of 2011, EBITDA loss was $0.8 million and for the fourth quarter of 2010, EBITDA was $3.6 million.

Fortress reported an adjusted net loss of $6.3 million, or diluted adjusted loss per share of $0.44 for the fourth quarter of 2011 on sales of $49.5 million. In the third quarter of 2011, the Company reported an adjusted net loss of $7.8 million or diluted adjusted loss per share of $0.54 on sales of $84.0 million and for the fourth quarter of 2010 adjusted net loss of $1.7 million or diluted loss per share of $0.14 on sales of $83.5 million.

The fourth quarter of 2011 re-defined the Pulp Segment as the Company transitioned from a northern bleached hardwood kraft (“NBHK”) and specialty pulp producer to a dissolving pulp producer. Production of dissolving pulp commenced in early December and the Company has since ramped up production to approximately 72% of the planned capacity. Dissolving pulp sales are anticipated to provide materially higher margins than previous NBHK and specialty pulp sales.

The Wallpaper Base Segment continued its strong performance in the fourth quarter and achieved record results in the 2011 fiscal year. Margins remain strong and the order log is healthy. Overall, the global non-woven wallpaper market experienced growth in traditional and emerging regions in 2011. Following completion of upgrades to our paper machine in the summer of 2011, production speed increased to 450 metres per minute, representing a theoretical capacity of approximately 55,000 tonnes per year at the Dresden mill. Improvements in production efficiency, reduced pulp prices, full utilization of the Company's new dry waste plant, together with a slight increase in sales prices, resulted in improved EBITDA margins.

The Security and Specialty Papers Segment experienced another challenging quarter. Throughout 2011, product mix, high raw material prices, pricing pressure, a strong Swiss currency, and less than optimal production efficiency on the Landqart mill’s paper machines contributed to a disappointing and difficult fourth quarter of 2011. Industry over-capacity during 2011, due in part to the postponement of several major currencies, was another factor that impacted performance at the Landqart mill, however the Company expects that banknote orders in 2012 will improve utilization and require the capacity of both paper machines to meet demands through the last three quarters of the year.

Fortress reported EBITDA of $3.3 million for the year ended December 31, 2011, compared to $25.9 million for the year ended December 31, 2010. Excluding corporate costs, the three business segments’ combined EBITDA was $11.1 million and $31.1 million in the years ended December 31, 2011 and 2010, respectively. Despite the economic challenges experienced in Europe during 2011, the Wallpaper Base Segment was able to contribute a record $31.5 million EBITDA which was significantly higher than the previous year at $22.7 million. The Security and Specialty Papers Segment generated significant losses in 2011 ($23.1 million EBITDA loss).
compared to the prior year ($0.3 million EBITDA loss). The Pulp Segment which commenced operating in mid-2010, generated approximately $2.8 million and $8.7 million EBITDA in the years ended December 31, 2011 and 2010, respectively. Corporate costs contributed to EBITDA loss in the amount of $7.8 million in 2011 and $5.2 million in 2010.

Adjusted net loss for the year ended December 31, 2011 was $20.6 million or ($1.47) per share (diluted). Adjusted net income for the prior comparative period was $8.2 million or $0.67 per share (diluted).

Management’s Outlook

Dissolving Pulp Segment

Substantial progress is being made within the Company’s expanding dissolving pulp business. Since commencing production in December 2011, production has ramped up steadily to a current average rate of 415 tonnes per day ("tpd"), or approximately 72% of the planned capacity. The Company is aiming to achieve full planned production capacity by the end of the second quarter of 2012. The Company’s dissolving pulp product is currently exceeding quality expectations and meeting customer specifications.

Although the Company is still assessing and attempting to mitigate the impact of previously disclosed issues that arose during the fourth quarter of 2011, the schedule for the completion of the cogeneration project remains materially on-time for the fourth quarter of 2012 in accordance with the Company's energy delivery obligations. However, in the latter part of the first quarter of 2012, the Company also reassessed the cogeneration project and identified certain deficiencies in a previous estimate from an engineering firm and scope of work adjustments necessary in order to commence delivery of power by this time.

Demand for dissolving pulp has historically been determined by the level of economic growth and has been closely tied to overall business activity. As the global economy slowed in late 2011, dissolving pulp prices weakened substantially, dropping to approximately US$1,100 per tonne. A stronger than expected demand for textiles in early 2012 saw a rebound of dissolving pulp prices to approximately US$1,280 per tonne in February 2012 with prices currently at approximately US$1,250 per tonne. The demand for dissolving pulp is expected to increase as the demand for textile fibres increases with the continued growth of the global population. Demand is also expected to be driven by the development of new applications for dissolving pulp and an increased focus on environmental awareness. The Company believes that favourable market conditions exist for additional dissolving pulp capacity entering the market. The Company’s strategy is to expand its dissolving pulp segment and pursue additional acquisitions and unique opportunities for conversion projects. See “Subsequent Event”.

Security Paper Products Segment

The outlook for the banknote industry remains generally positive with global demand for banknotes growing at approximately 4% per annum. The key driver of this growth continues to be the policies of central banks to upgrade the security and quality of their banknotes more frequently, thereby increasing the volumes of new notes that need to be printed. The growing automation of all aspects of the cash cycle, be it through Automated Teller Machines (ATMs) that dispense cash or the increased use of high speed banknote sorting equipment to process and sort cash, stimulates demand by requiring the withdrawal of increasing volumes of used banknotes from circulation and their replacement with new banknotes.
The banknote paper segment of the market continues to share in this growth. However, the continued overcapacity in this sector of the industry has led to fierce competition and price pressure in the high volume tender markets. Raw material prices (especially for cotton) have eased back from the acute levels seen in the first half of last year and there has been less exchange rate volatility since the intervention of the Swiss National Bank to set a ceiling for the Swiss franc appreciation against the Euro. Although recent market conditions have created difficulties for papermakers in general, Landqart remains focused on its strategy of expanding its markets beyond Europe and marketing its innovative proprietary technology to key customers. In 2011, Landqart secured orders from new customers in Asia, Africa and Latin America. It also completed the first production run of its new composite substrate, Durasafe. Interest in Durasafe from central banks is encouraging and Landqart is seeking to secure several new orders over the next 12 months.

An unexpected delay in the production and delivery of a significant order occurred in the fourth quarter of 2011 which has continued into the first quarter of 2012. Although this delay resulted in a temporary disruption in the production schedule, the Company expects to be able to resume production and deliveries in the second quarter.

The acquisition and integration of OTM has given Fortress a stake in the important and high value security thread market. The Company’s wholly owned subsidiary, Fortress Optical Features Ltd. (“Fortress Optical”) is currently engaged in developing the next generation of OTM products while continuing to produce OTM components for the colour shifting security thread market.

Fortress Optical will continue to work with preferred channel partners to convert the OTM component into a finished thread with the aim to sell these products into the banknote paper industry largely through its sister company, Landqart. The OTM colour shifting technologies will allow Landqart to offer its own highly secure and technically advanced security threads to its central bank customers. This is an important step forward towards greater vertical integration of the supply chain.

**Specialty Papers Segment**

The non-woven wallpaper market is expected to continue to grow at over 10% per year. Growth drivers include substitution of standard paper-based wallpaper and other types of wallcoverings with non-woven wallpaper in traditional and emerging markets. The overall wallpaper market is expected to benefit from a recovery in residential construction and remodeling.

Following the paper machine upgrade in 2010, production speed reached 450 m/min, as planned, which translated to an increased capacity of approximately 55,000 tonnes per year of non-woven wallpaper base at the Dresden mill.

**Significant Developments**

Overall, 2011 was a year of significant transformation including the following developments:

- The successful conversion of the Fortress Specialty Cellulose mill from a NBHK pulp producer to a dissolving pulp producer. Dissolving pulp production is anticipated to provide materially higher margins relative to NBHK pulp and specialty pulp previously produced at the mill.

- Continued margin and market share growth in the non-woven wallpaper market achieved by the Dresden mill.
• Security paper capacity at the Landqart mill increased from 2,500 tonnes to 10,000 tonnes. Significant headwinds were experienced in 2011 as this new capacity became available at a time where there was a general softening in the banknote industry and the postponement of several major currencies.

In January 2011, Fortress completed the acquisition of the assets from the Bank of Canada's Optical Security Material division which it now uses to produce OTM contained in various banknotes. The Company paid a purchase price of $0.75 million for the assets and granted the Bank of Canada a royalty-free license to use the intellectual property sold to the Company for Canadian banknote applications. The assets have been relocated to the Fortress Optical Facility which the Company built adjacent to its Fortress Specialty Cellulose mill in Quebec.

The Company completed two bought deal short form prospectus offerings in 2011. In February 2011, the Company completed an offering (the “2011 Share Offering”) of 1,112,050 of its common shares (including the exercise in full of the underwriters' over-allotment option) at a price of $51.75 per share, resulting in aggregate gross proceeds of $57.5 million. Proceeds of the 2011 Share Offering were used to finance certain capital expenditures relating to the Company’s Fortress Specialty Cellulose mill and the construction of the Fortress Optical Facility. In December 2011, the Company completed an offering (the “2011 Debenture Offering”) of 6.50% convertible unsecured subordinated debentures, including the exercise in full of the underwriters' over-allotment option, resulting in aggregate gross proceeds of $40.25 million. The debentures are listed and posted for trading on the Toronto Stock Exchange under the symbol “FTP:DB”. Holders of debentures may, at their option, convert debentures into common shares at any time prior to maturity at a price of $37.50 per share. The proceeds of the 2011 Debenture Offering were used to reduce outstanding indebtedness, to fund costs arising from the Fortress Specialty Cellulose project and for working capital and general corporate purposes.

Subsequent Event

Consistent with the Company’s desire to grow its dissolving pulp segment, in January 2012, the Company announced that it, through a wholly-owned subsidiary, signed an asset purchase agreement (“APA”) to acquire, together with 9109-3294 Quebec Inc. (“9109”), an affiliate of the Quebec Government, the assets relating to a pulp mill situated in Lebel-sur-Quevillon, Quebec owned by Domtar Inc. (the “LSQ Mill”), with the intent to convert the LSQ Mill into a dissolving pulp operation. As part of the acquisition, the Company will acquire a 30-megawatt non-operating cogeneration facility at the LSQ Mill, which it intends to restart and is expected to result in material energy savings. In addition, a cogeneration expansion project will increase power capabilities to 50 megawatts of total power in respect of which the company is seeking a long-term power supply agreement with Hydro Quebec which, once completed, is expected to provide the necessary power required to operate the mill.

The closing of the APA is subject to various conditions, including (i) the entering into of a collective agreement with the unionized employees of the LSQ Mill, (ii) the entering into of a loan agreement with Investissement Quebec (“IQ”) securing financing to implement the Company's proposed business plan at the LSQ Mill, (iii) the parties to the APA entering into a trust agreement, (iv) the entering into of satisfactory lease and other ownership and access agreements with 9109, (v) finalizing satisfactory fibre supply arrangements with the Quebec Government, and (vi) Domtar Inc. completing its agreement with the City of Lebel-sur-Quevillon in respect of certain property taxes.
EBITDA is defined as net income before interest, income taxes, depreciation, amortization, non-operating income and expenses and stock based compensation which the Company considers to be a key performance indicator. Reference is also made to adjusted net income (loss) (calculated as net income (loss) less specific items affecting comparability with prior periods – for the full calculation, see reconciliation included in the tables titled “Net Loss to Adjusted Net Loss Reconciliation”) and adjusted net income (loss) per share (calculated as adjusted net income (loss) divided by the weighted average number of shares outstanding in the period). EBITDA, adjusted net income (loss) and adjusted net income (loss) per share are not generally accepted earnings measures and should not be considered as an alternative to net income or cash flows as determined in accordance with IFRS. As there is no standardized method of calculating these measures, the Company’s EBITDA, adjusted net income (loss) and adjusted net income (loss) per share may not be directly comparable with similarly titled measures used by other companies.

Selected Financial Information

The selected financial information presented herein is qualified in its entirety by, and should be read in conjunction with, our audited consolidated financial statements as at and for the year ended December 31, 2011 and the related notes thereon and our Management’s Discussion and Analysis (“MD&A”) filed on SEDAR.

Three Months Ended December 31, 2011

<table>
<thead>
<tr>
<th>(thousands of dollars, except shipments, unaudited)</th>
<th>Q4 2011</th>
<th>Q3 2011</th>
<th>Q4 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>49,524</td>
<td>83,995</td>
<td>83,467</td>
</tr>
<tr>
<td>EBITDA(^1)</td>
<td>(1,491)</td>
<td>(758)</td>
<td>3,647</td>
</tr>
<tr>
<td>Operating loss</td>
<td>(5,607)</td>
<td>(4,876)</td>
<td>(10,399)</td>
</tr>
<tr>
<td>Net loss</td>
<td>(9,171)</td>
<td>(7,237)</td>
<td>(12,790)</td>
</tr>
<tr>
<td>Adjusted net loss(^2)</td>
<td>(6,273)</td>
<td>(7,762)</td>
<td>(1,721)</td>
</tr>
<tr>
<td>Paper Shipments (tonnes)</td>
<td>13,035</td>
<td>13,383</td>
<td>15,406</td>
</tr>
<tr>
<td>Pulp Shipments (tonnes)</td>
<td>8,168</td>
<td>55,918</td>
<td>62,038</td>
</tr>
</tbody>
</table>

\(^1\)See Net Loss to EBITDA Reconciliation.
\(^2\)See Net Loss to Adjusted Net Loss Reconciliation available in the MD&A

Net income to EBITDA reconciliation:

<table>
<thead>
<tr>
<th>(thousands of dollars, unaudited)</th>
<th>Q4 2011</th>
<th>Q3 2011</th>
<th>Q4 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss</td>
<td>(9,171)</td>
<td>(7,237)</td>
<td>(12,790)</td>
</tr>
<tr>
<td>Income tax</td>
<td>(388)</td>
<td>2,051</td>
<td>1,623</td>
</tr>
<tr>
<td>Foreign exchange loss (gain)</td>
<td>2,898</td>
<td>(526)</td>
<td>513</td>
</tr>
<tr>
<td>Interest expense</td>
<td>1,057</td>
<td>836</td>
<td>255</td>
</tr>
<tr>
<td>Amortization</td>
<td>3,793</td>
<td>3,668</td>
<td>3,062</td>
</tr>
<tr>
<td>Stock based compensation</td>
<td>320</td>
<td>450</td>
<td>5,984</td>
</tr>
<tr>
<td>Executive cash award</td>
<td>-</td>
<td>-</td>
<td>5,000</td>
</tr>
<tr>
<td>EBITDA</td>
<td>(1,491)</td>
<td>(758)</td>
<td>3,647</td>
</tr>
</tbody>
</table>
The Company

The Company was incorporated on May 30, 2006 under the laws of the Province of British Columbia. In the 2011 fiscal year, Fortress operated internationally in three distinct business segments: the Pulp Segment, Security and Specialty Papers Segment and Wallpaper Base Segment. 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 operates its wallpaper base 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 ("OTM"). The segmentation of the Company’s manufacturing operations is based on a number of factors, including production, production processes, and economic characteristics.

Conference Call

A conference call to discuss the financial results for the fourth quarter 2011 will be held on March 6, 2012 at 9:30 a.m. (PST). To attend the conference call, please dial one of the following numbers:

North America: 1-855-353-9183
International: 1-403-532-5601

Participant pass code: 15086#
Conference Reference Number: 765945

A replay of the conference call will be available for 7 days. To access the replay, listeners may dial 1-855-201-2300 from North America or 403-255-0697 International. The conference reference number is 765945 # and the participant pass code to access the replay is 15086 #.

Forward-Looking Statements

Some information in this news release contains forward-looking statements that reflect the current views and/or expectations of the Company with respect to its performance, business and future events. The reader is cautioned that forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements including, without limitation, those relating to damage to our reputation, competition, maintaining our market position, marketability and price of our products, technology and protection of our intellectual property, dependence on our major customers, fluctuations in the price and supply of raw materials, fluctuations in foreign exchange and other risk factors detailed in our filings with Canadian securities regulatory authorities. These risks, as well as others, could cause actual results and events to vary significantly. Fortress Paper Ltd. does not undertake any obligation to release publicly any revisions for updating any voluntary forward-looking statements.

For further information please contact:

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