Vancouver, British Columbia, March 11, 2013 – Fortress Paper Ltd. (“Fortress Paper” or the “Company”) reported 2012 fourth quarter EBITDA of $0.5 million, an improvement of $6.9 million compared to the third quarter of 2012. Excluding corporate costs, the three business segments’ combined EBITDA was $1.1 million in the three months ended December 31, 2012. The Specialty Papers Segment contributed $9.3 million EBITDA, while the Dissolving Pulp Segment and the Security Paper Products Segment generated EBITDA losses of $3.5 million and $4.7 million, respectively. Corporate costs contributed to EBITDA loss in the amount of $0.6 million.

Fortress reported an adjusted net loss of $5.2 million, or diluted adjusted loss per share of $0.36 for the fourth quarter of 2012 on sales of $96.1 million. In the third quarter of 2012, the Company reported an adjusted net loss of $18.1 million or diluted adjusted loss per share of $1.26 on sales of $73.0 million and for the fourth quarter of 2011 adjusted net loss of $6.3 million or diluted loss per share of $0.44 on sales of $49.5 million.

The Fortress Specialty Cellulose mill commenced production of dissolving pulp in early December 2011. Commercial production for accounting purposes, with the equipment operating as intended by management, began on March 18, 2012. After such date all sales and cost of sales have been included in the operating results. The mill continued to make significant progress in production rate improvements and cost reductions. Dissolving pulp production volumes were at its highest level since the conversion of the mill into a producer of dissolving pulp. Despite promising operating results in November and December 2012, the mill has encountered challenging conversion issues which are intrinsic to a dissolving pulp mill ramp-up.

The Cogeneration project at the Fortress Specialty Cellulose mill is nearing completion, with engineering and procurement completed and overall construction in the final stages. However, commissioning and start-up activities have incurred delays as a result of various factors, including unforeseen piping related delays, reduced manpower availability and minor scope of work adjustments. The Company is in the process of commissioning and expects delivery of power to commence early in the second quarter of 2013. As previously reported, additional costs in the 10-20% range for the overall cogeneration project are anticipated. Hydro Quebec is aware of the postponement and the Company anticipates delivery of power pursuant to the power purchase agreement in the normal course.

The Specialty Papers Segment continued its strong performance in the fourth quarter and achieved record results in the 2012 fiscal year. Margins remain strong and the order log is healthy. Management believes that market demand will continue to be strong in the coming years. The displacement of traditional paper-based wallpaper with non-woven wallpaper base appears to be progressing faster than originally anticipated. Following completion of upgrades to our paper machine in the summer of 2012, production speed increased to a theoretical capacity of approximately 60,000 tonnes per year at the Dresden mill. Improvements in production efficiency, waste rates and the full utilization of the Company's new dry waste plant resulted in improved EBITDA margins.
There have been some positive developments in the Security Paper Products Segment such as new customers and the first order of substrate that included OTM. In December 2012, Morocco’s Central Bank purchased the first Durasafe® banknote printed on the Landqart mill's new composite paper-polymer-paper substrate Durasafe®. The Security Paper Products Segment otherwise experienced another challenging quarter, albeit slightly improved over preceding quarters. The Swiss Franc appreciation against the Euro has abated due to Swiss National Bank intervention; however, the strength of the Swiss Franc has been a disadvantage to the Landqart mill in terms of costs and expenses as a significant level of transactions are in Euro. Overcapacity continues to be an issue in the banknote paper market. The fierce competition for orders has led to a significant erosion of banknote prices and margins during 2012. Significant tenders in the near term should absorb some of the excess capacity. These less than favorable conditions have adversely impacted the results of the Security Paper Products Segment.

Fortress reported EBITDA loss of $5.3 million for the year ended December 31, 2012, compared to EBITDA of $3.3 million for the year ended December 31, 2011. Excluding corporate costs, the three business segments’ combined EBITDA was $0.1 million and $11.1 million in the years ended December 31, 2012 and 2011, respectively. Despite the economic challenges and uncertainty continuing in Europe during 2012, the Specialty Papers Segment contributed a record $37.5 million EBITDA which was significantly higher than the previous year at $31.4 million. The Security Paper Products Segment generated significant losses in 2012 ($21.7 million EBITDA loss) but improved slightly compared to the prior year ($23.1 million EBITDA loss). The Dissolving Pulp Segment, which continued ramping up, generated losses of $15.7 million EBITDA loss in 2012, compared to $2.8 million EBITDA in the year ended December 31, 2011. Corporate costs contributed to EBITDA loss in the amount of $5.4 million in 2012 and $7.8 million in 2011.

Adjusted net loss for the year ended December 31, 2012 was $37.4 million or ($2.60) per share (diluted). Adjusted net loss for the prior comparative period was $20.6 million or ($1.47) per share (diluted).

Management’s Outlook

**Dissolving Pulp Segment**

Dissolving pulp markets continued to soften during the fourth quarter of 2012 mainly due to excess supply of dissolving pulp as a result of new entrants. Dissolving pulp prices reached a low of approximately US$ 830-840 in December. Given current market conditions and in order to maintain good customer relations, our sales have and are intended to follow market prices with our three major Chinese customers, which are expected to be below the floor prices set in our supply agreements in the near term. Viscose staple fiber demand in China has improved recently, leading to improved prices for fiber and healthier capacity utilization. Dissolving pulp prices also have been improving since late December due to improved demand and concerns over the anti-dumping investigation initiated by the Ministry of Commerce of the People’s Republic of China (“MOFCOM”) against the United States, Brazil and Canada in February 2013 (see “Risks and Uncertainties”). However, we expect that dissolving pulp prices will remain under pressure due to new capacity expected to enter the market in the first half of 2013.

Cotton prices remained relatively stable in China during the fourth quarter of 2012 and have recently experienced significant price increases. However, when compared to 2011, cotton prices still remain low which could lead to possible cotton crop plantation reduction in 2013. Such cotton reserve management, particularly in China, may affect future cotton pricing.
The Fortress Specialty Cellulose mill continued to ramp up dissolving pulp production during the fourth quarter of 2012. Although the mill is not yet at long term target rates, improved stable operations is allowing management to focus on reducing costs. Inventory levels at year end were minimal and expected to remain low through the first quarter of 2013.

The Cogeneration project is in the commissioning and start-up phase. All major equipment suppliers are on site during this phase of the project. It is at this point that equipment is tested, repaired or adjusted and handed over to operations for care, custody and control. Turbine tests will commence in March and power generation connectivity to the electrical grid is expected early in the second quarter of 2013.

Although depressed dissolving pulp prices have impacted the Fortress Specialty Cellulose mill results, the Company is in the process of implementing a comprehensive “Operating Excellence” program designed to improve operating efficiency and productivity, and expects to realize additional savings and benefits once the cogeneration facility comes online.

The Fortress Global Cellulose mill project continues to progress with advancements in detailed engineering and process design for the conversion to dissolving pulp production. We expect to complete a final estimated work schedule in the second quarter of 2013. On-site, the workforce continues the refurbishing of the plant and equipment to bring the asset to full operational condition.

Specialty Papers Segment

The Specialty Papers Segment continues to perform well. The capital expenditure plan for 2012 was successfully completed during the general maintenance shutdown in August. The Dresden mill has now reached a manufacturing capacity of 60,000 tonnes per annum of non-woven wallpaper base.

Management believes that market demand will continue to grow and will remain strong in the coming years. The wallpaper market is expected to benefit from a recovery in residential construction and renovations markets as well as the displacement of traditional paper-based wallpaper with non-woven wallpaper base which appears to be progressing faster than originally anticipated.

Over the next two years, the Dresden mill will execute a capital expenditure program to increase capacity to 70,000 tonnes per year and improve quality.

Security Paper Products Segment

Market conditions for security papers remain difficult. While cotton and other raw material costs have stabilized and the Swiss Franc’s appreciation against the Euro has been halted by Swiss National Bank intervention, the prevailing exchange rate to the Euro continues to place Landqart at a competitive disadvantage to other suppliers.

Overcapacity continues to be an issue in the banknote paper market. The fierce competition for orders has led to a significant erosion of banknote prices and margins. This has continued into 2013 and prices have continued to be under pressure in all major tenders over the last quarter. The commercial print market has also seen a steady erosion of prices as the printers’ compete for market share, adding further downward pressure to prices in the banknote paper market.
Market demand remains stable and we expect demand for paper to follow historic trends in the coming year. However, as long as the imbalance remains between supply and demand, prices will remain low. The imbalance will only be corrected with further structural changes in the industry that lead to a reduction in production capacity. These difficult conditions have continued to impact the results of the Security Paper Products Segment.

Despite these difficulties Landqart has a strong order book with good visibility into the second half of the year. The mill is currently operating at full capacity. Estimated volumes to be produced and sold in 2013 are expected to be significantly higher than in 2012. Landqart has continued to win new customers and compete in tenders in new markets. In December 2012, Morocco’s Central Bank purchased the first Durasafe® banknote printed on Landqart's new composite paper-polymer-paper substrate Durasafe®. This first note has resulted in considerable interest in the industry and Landqart is working on other opportunities including a confirmed second order.

The Landqart mill is now well into production of its most substantial contract and has now delivered over 50% of the contract. Management expects the contract to contribute to the optimization of the mill’s operational efficiency over the remainder of the contract.

Significant Developments

Significant developments over the financial year ended December 31, 2012 included:

1. The acquisition of the Fortress Global Cellulose Mill in June 2012;

2. The issuance of an unsecured convertible debenture in the aggregate principal amount of $25 million to Fonds de Solidarite (“FSTQ”) in connection with the acquisition of the Fortress Global Cellulose mill (see “Offering of Debentures”);

3. The completion of a $69 million short form prospectus offering of 7.0% convertible unsecured subordinated debentures in July 2012 (the “2012 Debenture Offering”), including the exercise in full of the underwriters’ over-allotment option (see “Offering of Debentures”).

4. Continued strength in margins at the Dresden mill and the successful completion of the 2012 capital expenditure program increasing manufacturing capacity of non-woven wallpaper base to 60,000 tonnes per annum.

5. The sale by the Landqart Mill of the first Durasafe® banknote now in circulation and the first order of substrate that included OTM.

6. Continued improvement of the Fortress Specialty Cellulose mill’s dissolving pulp operations. Production rates and costs per tonne have improved significantly over the year.

7. The re-instatement of the Landqart mill’s most substantial contract which is expected to contribute to the optimization of the mill’s operational efficiency over the next year.
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 three and twelve month periods ended December 31, 2012 and the related notes thereon and our Management’s Discussion and Analysis (“MD&A”) filed on SEDAR.

Three Months Ended December 31, 2012

Selected Financial Information and Other Data

<table>
<thead>
<tr>
<th></th>
<th>Q4 2012</th>
<th>Q3 2012</th>
<th>Q4 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>96,096</td>
<td>72,952</td>
<td>49,524</td>
</tr>
<tr>
<td>EBITDA (1)</td>
<td>530</td>
<td>(6,403)</td>
<td>(1,492)</td>
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<tr>
<td>Operating loss</td>
<td>(5,216)</td>
<td>(14,857)</td>
<td>(5,604)</td>
</tr>
<tr>
<td>Net loss</td>
<td>(3,955)</td>
<td>(18,900)</td>
<td>(9,171)</td>
</tr>
<tr>
<td>Adjusted net loss (2)</td>
<td>(5,248)</td>
<td>(18,066)</td>
<td>(6,273)</td>
</tr>
<tr>
<td>Paper shipments (tonnes) (3)</td>
<td>16,382</td>
<td>15,201</td>
<td>13,035</td>
</tr>
<tr>
<td>Pulp shipments (ADMT)</td>
<td>46,909</td>
<td>30,561</td>
<td>8,168</td>
</tr>
</tbody>
</table>

(1) See Net Loss to EBITDA Reconciliation.
(2) See Net Loss to Adjusted Net Loss Reconciliation.
(3) Includes shipments of security and specialty paper products by the Landqart and Dresden mills.

Net Loss to Adjusted Net Loss Reconciliation:

<table>
<thead>
<tr>
<th></th>
<th>Q4 2012</th>
<th>Q3 2012</th>
<th>Q4 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss</td>
<td>(3,955)</td>
<td>(18,900)</td>
<td>(9,171)</td>
</tr>
<tr>
<td>Foreign exchange loss (gain)</td>
<td>(1,293)</td>
<td>834</td>
<td>2,898</td>
</tr>
<tr>
<td>Adjusted net loss</td>
<td>(5,248)</td>
<td>(18,066)</td>
<td>(6,273)</td>
</tr>
<tr>
<td>Basic net loss per share</td>
<td>($0.27)</td>
<td>($1.31)</td>
<td>($0.64)</td>
</tr>
<tr>
<td>Diluted net loss per share</td>
<td>($0.27)</td>
<td>($1.31)</td>
<td>($0.64)</td>
</tr>
<tr>
<td>Adjusted net loss per share, basic</td>
<td>($0.36)</td>
<td>($1.26)</td>
<td>($0.44)</td>
</tr>
<tr>
<td>Adjusted net loss per share, diluted</td>
<td>($0.36)</td>
<td>($1.26)</td>
<td>($0.44)</td>
</tr>
</tbody>
</table>
The Company

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 manufacturers optically variable thin film material.

Conference Call

A conference call to discuss the financial results for the fourth quarter 2012 will be held on March 12, 2013 at 9:00 a.m. (PDT). To participate in the conference call, please dial one of the following numbers:

North America: 1-855-353-9183
Vancouver: 604-681-8564
Calgary and international: 403-532-5601
Edmonton: 780-429-5820
Toronto: 416-623-0333
Ottawa: 613-212-0171
Montreal: 514-687-4017

Participant pass code: 15086#

Conference Reference Number: 953348#

A replay of the conference call will be available for 30 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 953348# and the participant pass code to access the replay is 15086 #.
This news release contains certain forward-looking statements that reflect the current views and/or expectations of the Company with respect to its expectations, beliefs, assumptions, estimates and forecasts about its business and the industry and markets in which it operates. The reader is cautioned that forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other factors which are difficult to predict and that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements. Examples of such forward-looking statements contained in this news release include: growth and future prospects of our business; market conditions for dissolving pulp; expected returns on certain business segments; our perceptions of the industry and markets in which we operate and anticipated trends in such markets; benefits that may accrue to the Company as a result of certain acquisitions; and the anticipated benefits of acquisitions and projects. Assumptions underlying the Company's expectations regarding forward-looking statements or information contained in this news release include, among others: that the Company will be able to effectively market its products; the ability of the Company to complete the ramp-up of its dissolving pulp production at the Fortress Specialty Cellulose mill to reach maximum capacity; that dissolving pulp will experience continued and improved demand in the marketplace at anticipated prices; that the Landqart mill will continue operating on a consistent and regular basis in order to produce and deliver on its reinstated banknote order; the general stability of the economic and political environments within the countries where the Company conducts operations; that all necessary approvals and arrangements will be obtained and/or finalized in a satisfactory manner in order to proceed with the Fortress Global Cellulose mill project; and that our equipment will operate at expected levels. Persons reading this news release are cautioned that forward-looking statements or information are only predictions, and that the Company's actual future results or performance are subject to certain risks and uncertainties including, without limitation: those relating to potential disruptions to production and delivery, including as a result of equipment failures, labour issues, the complex integration of processes and equipment and other factors; labour relations; failure to meet regulatory requirements; changes in the market; potential downturns in economic conditions; fluctuations in the price and supply of required materials; foreign exchange fluctuations; dependence on major customers; 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. The Company does not undertake any obligation to release publicly any revisions for updating any voluntary forward-looking statements, except as required by applicable securities law.

For further information please contact:

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604-904-2328 (info@fortresspaper.com)

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