For Immediate Release

FORTRESS PAPER ANNOUNCES LAUNCH OF FIRST DURASAFE® BANKNOTE

VANCOUVER, British Columbia, December 18, 2012 – Fortress Paper Ltd. ("Fortress Paper" or the "Company") (TSX:FTP) is pleased to announce the launch of the world's first banknote printed on the Company’s new Durasafe® substrate, an innovative paper-polymer-paper composite produced at its Landqart mill.

The Moroccan 25 Dirhams: The World's First Durasafe® Banknote

With the issuance of the new Moroccan 25 Dirhams scheduled for this month, Bank al Maghrib, Morocco's central bank, will become the first in the world to issue a banknote printed on Durasafe®.

The front of the banknote features an Intaglio vignette and a watermark of King Mohammed VI, and a magenta/green colourshift security thread developed by the Company’s wholly owned subsidiary, Fortress Optical Features Ltd. ("FOF"). The thread, like the watermark, is embedded inside the banknote yet visible behind a one-sided polymer window. It also has a fully transparent polymer window embossed with the King’s royal crest. The back of the note carries a print vignette commemorating 25 years of banknote printing at the Moroccan State Printing Works, Dar As Sikkah.

The windows in Durasafe® are formed by die cutting each side of the three layer composite substrate separately. One sided windows (Viewsafe™) give a clear view inside the substrate where the FOF thread and the watermark of King Mohammed VI are protected, but fully visible behind the polymer core. The transparent window (Thrusafe™) is created by die-cutting both the outer paperlayers to reveal only the transparent polymer core.

Chadwick Wasilenkoff, President and Chief Executive Officer of Fortress Paper, commented: "After a decade in development, we are pleased to see the fruits of our labour in the launch of the Moroccan 25 Dirhams. We have designed Durasafe® to offer the ideal characteristics of polymer and traditional paper notes to create a new standard for high security banknote substrates. Fortress Paper would like to congratulate the Bank al Maghrib on the launch of their new 25 Dirham banknote and being the first in the world to produce and launch a Durasafe® banknote."

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 manufacturers optically variable thin film material.

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Forward-Looking Statements

This news release contains certain forward-looking statements that reflect the current views and/or expectations of the Company with respect to its performance, business and future events including statements regarding the scheduled issuance of the new Moroccan 25 Dirhams; and the expected advantages, benefits and industry impact of the Durasafe® product. 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. Assumptions underlying the Company's expectations regarding forward-looking statements or information contained in this news release include, among others: that the banknotes will be issued on schedule and will meet the specified characteristics; that industry response to Durasafe® will meet the Company's expectations; 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 related to the Moroccan central bank and its scheduled release of the 25 Dirhams; 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; fluctuations in the price and supply of required materials; 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.

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