

For Immediate Release



FORTRESS PAPER ANNOUNCES ePASSPORT CONTRACT AND AN UPDATE ON THE PLANNED PRODUCTION INCREASE AT ITS LANDQART MILL

VANCOUVER, British Columbia, January 14, 2010 – Fortress Paper Ltd. www.fortresspaper.com ("Fortress Paper" or the "Corporation") today announces its inaugural ePassport contract, for approximately two million five hundred thousand units representing estimated aggregate revenues in excess of \$10 million over five years. Fortress Paper also announces that its Board of Directors has approved a plan to increase the production capacity of its banknotes from the current 2,500 tonnes per annum to approximately 10,000 tonnes per annum.

ePassport Contract

Chad Wasilenkoff, Chief Executive Officer of Fortress Paper reports, "This initial ePassport contract, or reference contract, is generally the most difficult to obtain. We feel this significant milestone now provides us with a platform to secure additional contracts in this rapidly growing and lucrative segment of the identification industry."

Electronic passports, also referred to as ePassports, are RFID, radio frequency identification, enabled passports which have an embedded chip containing the holder's personal data and other biometric information, such as a digital photograph or fingerprint. As of October 2009, over 79 countries had introduced biometric passports and over 100 million ePassports had been issued globally. With over 70 million new ePassports being issued every year, it is estimated that over the next ten years, most of the 750 million passports currently in use will be replaced by electronic passports.

Electronic passports securely store biographical information and digital images that are identical to the information that is visually displayed in the passport. Contactless chip technology allows the information stored in an ePassport to be read by special chip readers at a close distance. Digital signature technology verifies the authenticity of the data stored on the chip. The ePassport facilitates travel by allowing automated identity verification for faster immigration inspections and greater border protection and security. As travel security has become increasingly important, ePassports have become the industry standard.

The Visa Waiver Program "VWP" in the United States, allows foreign nationals from certain countries to be admitted to the U.S. under limited conditions and for a limited time without obtaining a visa. Visitors who wish to travel on to the United States, and who are citizens of countries included in the program, have to present their passports at any U.S. port of entry. Passports issued after October 26, 2006 must be ePassports - that is, include an integrated computer chip in order to be eligible for entry under the VWP.



ePassport symbol

Paper Machine No. 1 Rebuild

Fortress Paper's Board of Directors has approved a plan to increase the production capacity of its banknotes from the current 2,500 tonnes per annum to approximately 10,000 tonnes per annum. The rebuild of its PM1 Machine, currently utilized for lower margin specialty papers and low to medium security papers, into a higher margin high output banknote paper machine is expected to commence in the first quarter of 2010 with banknote production from this rebuilt machine scheduled to begin in the first quarter of 2011. This expansion initiative requires a capital expenditure at its Landqart Mill of approximately CDN \$50 million. Fortress is currently finalizing a number of bank and debt based financing options.

About Fortress Paper

Fortress Paper is a leading international producer of security and other specialty papers. Fortress Paper operates two paper mills, the Landqart Mill located in Switzerland and the Dresden Mill located in Germany. 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. As an extension of its security papers business, the Landqart Mill has been actively developing and marketing innovative paper-based security products.

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