FORTRESS PAPER ENTERS INTO DISSOLVING PULP SUPPLY AGREEMENTS

VANCOUVER, British Columbia, October 4, 2010 – Fortress Paper Ltd. ("Fortress Paper" or the "Company") (TSX:FTP) is pleased to announce that it has, through a wholly-owned subsidiary, entered into dissolving pulp supply agreements with two producers of viscose fibre (rayon) products located in China, for the delivery of an aggregate of approximately 84,000 air dried metric tonnes ("ADMT") of dissolving pulp per annum at a purchase price based on prevailing market prices in China, subject to a minimum price of US$1,200 per ADMT and a maximum price of US$1,600 per ADMT. The pulp supply agreements are each for a term of five years, with Fortress commencing the supply of dissolving pulp in the third quarter of 2011.

Dissolving pulp will be supplied by the Fortress Specialty Cellulose Mill which is planned to have an annual production capacity of more than 200,000 ADMT upon its completion, which is expected to occur in mid-2011.

Chadwick Wasilenkoff, Chief Executive Officer of Fortress Paper, commented: "These dissolving pulp supply agreements will provide a hedge against potential volatility in future dissolving pulp prices which we believe should provide greater normalized operating results in this segment."

About Fortress Paper

Fortress Paper is a leading international producer of security and other specialty papers and products. Fortress operates three mills, the Landqart Mill located in Switzerland, the Dresden Mill located in Germany and the Fortress Specialty Cellulose Mill located in Quebec, Canada. 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. Fortress Paper's pulp business includes NBHK produced at the Fortress Specialty Cellulose Mill with plans to convert this capacity into dissolving pulp production along with the construction of a biomass based cogeneration plant.

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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 Fortress Paper's planned conversion of the Fortress Specialty Cellulose Mill into a dissolving pulp production facility, the expected production capacity thereof, and expected financial results of the pulp supply agreements. 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, risks relating to the ability of Fortress to complete the conversion of the Fortress Specialty Cellulose Mill,
that the specialty cellulose operation will not be successful or profitable and will not meet anticipated production capacities, that the purchasers will not fulfill their obligations under the pulp supply agreements, changes in the market, potential downturns in economic conditions, fluctuations in the price and supply of raw materials, foreign exchange fluctuations, labour relations, regulatory requirements, reputation, competition, dependence on major customers, 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.

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