For Immediate Release

FORTRESS PAPER PROVIDES CORPORATE UPDATE

VANCOUVER, British Columbia, September 7, 2012 – Fortress Paper Ltd. ("Fortress Paper" or the "Company") (TSX: FTP) wishes to provide a general corporate update relating to its operations.

Fortress Specialty Cellulose Mill

Construction of the cogeneration facility at the Fortress Specialty Cellulose Mill is proceeding generally as planned with some minor delays due to delivery impediments of major equipment. The turbine and generator are on site and installed with delivery of the final critical path item expected in late September. The cogeneration facility is expected to be delivering power in January 2013.

The Fortress Specialty Cellulose Mill has confirmed that the annual maintenance shut-down will be taken in the last week of September. During this outage, critical electrical work will also be completed to allow connection of the new power generating facility to the grid. This is the first scheduled maintenance shut-down since the mill commenced producing dissolving pulp and it is anticipated that the next annual maintenance cycle may also require a higher level of planned maintenance downtime.

During August, the mill operated at an average monthly rate of 83% of planned production capacity, with steady progress being made on de-bottlenecking activities. Production of dissolving pulp was recently curtailed for an equivalent of four days of pulp production as a result of a premature tube failure in the mill’s No. 2 recovery boiler. The boiler and full mill were shut-down safely in order to complete repairs and are now operating normally. The curtailment and subsequent ramp-up reduced the mill’s overall production efficiency for the month.

Fortress Global Cellulose Mill

Initial work has commenced at the Fortress Global Cellulose Mill following the close of the acquisition in June 2012, including building and equipment repair and the reactivation of services and utilities in a planned sequence. Water supply and fire protection services are operational and the high voltage distribution network is in the process of being reactivated. Critical equipment assessment is ongoing and the Company is finalizing refurbishment plans for the key process areas. Various cost saving and asset preservation plans are being developed ahead of the coming winter season. To date, pulp mill repairs and re-commissioning activities are proceeding materially as planned.

The Fortress Global Cellulose Mill has also received an official authorization permit from the Québec Ministère du Développement durable, de l’Environnement et des Parcs. This permit is required in order to proceed with the construction of the new dissolving pulp plant.

Following the filing of its application with Hydro-Québec Distribution, the Fortress Global Cellulose Mill has received approval for its cogeneration project at Lebel-sur-Quévillon and is working with Hydro-Québec towards the conclusion of the previously described power purchase agreement. Management expects the agreement to be completed shortly in the normal course.

Dresden Mill

The continued growth of the worldwide market for non-woven wallpaper base has exceeded management’s expectations and the Dresden Mill is maintaining its position as a leader in this market.
During the general maintenance shutdown of the mill in the first 10 days of August, the Company completed the main portion of its 2012 capital expenditures program at the Dresden Mill. To date in 2012, the Company has spent approximately EUR3.7 million in Capex with the goal of increasing production speed from 450 metres per minute to approximately 475 – 500 metres per minute, depending on the product mix, and thereby increasing its theoretical annual production capacity from approximately 56,000 tonnes per year to approximately 60,000 tonnes per year. This increase in production capacity would enable Dresden to maintain its market share of approximately 50% of the world-wide non-woven wallpaper base market.

**Landqart Mill**

Although the Landqart Mill had another challenging month in July, results in August show a marked improvement with product shipments commencing for the large re-instated banknote substrate order. Although waste rates remained relatively high during this period, they are decreasing and are coming in-line with expectations.

**Fortress Optical Features**

Fortress Optical Features has met the technical qualifications and received approval to supply security thread components for two banknote issuing authorities. As a result, it will be able to directly or indirectly participate in such upcoming tenders for banknote papers.

**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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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 its expectations regarding market conditions for dissolving pulp; its competitive position in relation to other dissolving pulp suppliers; the timing of the completion of the cogeneration facility at the Fortress Specialty Cellulose Mill; the entering into of a power purchase agreement with Hydro-Québec; a potential production capacity increase at the Dresden Mill; the effectiveness of its production efficiency plan at the Landqart Mill to offset market conditions; the timing of completion of the Fortress Optical Facility and commencement of production thereat; and operating and financial results. 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 that market conditions for dissolving pulp will not...
continue to be favourable; that Fortress will not remain competitive if world capacity for dissolving pulp continues to increase; that the completion of the cogeneration facility at the Fortress Specialty Cellulose Mill will not proceed as expected; that it may not enter into a power purchase agreement with Hydro-Québec; that production capacity at the Dresden Mill may not materialize as expected, or at all; that its production efficiency plan at the Landqart Mill will not be effective and will not result in improved operational and financial results; that postponement of implementation of new Euro and Swiss Franc banknotes by European governments will adversely affect performance at the Landqart Mill; that the Fortress Optical Facility will not be completed as scheduled and budgeted; that Fortress Paper will not be able to successfully defend claims against it; 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.