



FORTRESS PAPER ANNOUNCES INCREASE IN PREVIOUSLY ANNOUNCED PUBLIC OFFERING OF CONVERTIBLE DEBENTURES TO \$60 MILLION

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VANCOUVER, British Columbia, June 20, 2012 – Fortress Paper Ltd. (TSX: FTP) (“Fortress Paper” or the “Corporation”) is pleased to announce that, in response to strong investor demand, it has increased its previously announced bought deal public offering from \$40 million to \$60 million principal amount of convertible unsecured subordinated debentures (the “Debentures”) on the same terms as the previously announced offering. A syndicate co-led by Raymond James Ltd. and Scotiabank and including Canaccord Genuity Corp., Dundee Securities Ltd., RBC Capital Markets, TD Securities Inc., CIBC World Markets Inc., Cormark Securities Inc. and Acumen Capital Finance Partners Ltd. (collectively, the “Underwriters”) have agreed to purchase the Debentures at a price of \$1,000 per Debenture. Fortress Paper has also granted the underwriters an over-allotment option to purchase up to an additional \$9 million aggregate principal amount of debentures for a period of 30 days following closing to cover over-allotments.

The Corporation intends to use the net proceeds of the financing for: (i) funding of capital expenditures relating to the cogeneration project at the Fortress Specialty Cellulose Mill, (ii) funding of capital expenditures relating to the Lebel-sur-Quevillon Mill, subject to the completion of the acquisition and (iii) working capital and general corporate purposes. Although the Corporation intends to spend the funds available to it as stated above, there may be circumstances, where for sound business reasons, a reallocation of funds may be necessary or advisable. The actual use of available funds may vary depending on the Corporation’s operating and capital needs from time to time and will be subject to the discretion of the management of the Corporation.

The offering is scheduled to close on or about July 10, 2012 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the Toronto Stock Exchange.

A preliminary short-form prospectus will be filed with securities regulatory authorities in all provinces of Canada.

Please refer to the press release issued by the Corporation on June 19, 2012 for further details with respect to the offering.

This news release shall not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer,

solicitation or sale would be unlawful. The securities offered will not be and have not been registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) and may not be offered or sold in the United States except pursuant to exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws.

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 intention to conduct a public offering of convertible debentures; the timing and completion of the intended offering; and the intended use of proceeds. 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 Corporation operates, including assumptions relating to the timing of and the Corporation’s ability to successfully complete the offering; that all approvals for the offering will be received; and that there will be no events that trigger termination rights under the agreement with the Underwriters. 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, that the Corporation will be unable to receive approvals required for the offering; that the offering will not be completed in the expected timeframe or at all, risks relating to changes in the market and other risk factors listed from time to time in the Corporation’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 and information, 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.

About Fortress Paper

Fortress Paper operates internationally in three distinct business segments: dissolving pulp, specialty papers and security paper products. The Corporation 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 Corporation 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 Corporation 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 manufactures optically variable thin film material.

For more information, please contact:

Chadwick Wasilenkoff
Fortress Paper Ltd.
604-904-2328
info@fortresspaper.com