

For Immediate Release



**FORTRESS SPECIALTY CELLULOSE BID TO INCREASE POWER SUPPLY
AGREEMENT BY 5.2 MW ACCEPTED**

VANCOUVER, British Columbia, May 12, 2014 – Fortress Paper Ltd. ("Fortress Paper" or the "Company") (**TSX:FTP**) announces today that the Fortress Specialty Cellulose mill located in Thurso, Québec (the "FSC Mill") has successfully been awarded by Hydro Québec a power supply agreement for an additional 5.2 megawatts of power to be produced at its cogeneration facility. Once finalized, the amount of green power supplied by the FSC Mill's cogeneration facility to Hydro Québec will increase from the current amount of 18.8 megawatts of power to 24 megawatts of power. This increase will result in significant incremental revenue, which will translate into an anticipated overall cost savings at the FSC Mill of approximately \$2.7 million annually with an opportunity for further optimization. Pursuant to the new power supply agreement, the FSC Mill is expected to begin delivering the additional power in April 2015, at the latest, with a provision to start delivering power as early as the fourth quarter of 2014.

Yvon Pelletier, President of Fortress Specialty Cellulose Inc., commented: "The acceptance of our power supply bid is indicative of our positive partnership with Hydro Québec and will allow us to better utilize the potential of our cogeneration facility and produce more environmentally friendly green energy for the region. The increased revenue from the additional 5.2 megawatts of power delivered under this new agreement will further improve the economics of the FSC Mill and reflects the value of the cogeneration facility."

The Company also provides an operational update on its FSC Mill.

- The FSC Mill has recently switched from producing northern bleached hardwood kraft (NBHK) pulp to swing production to other specialty dissolving pulps.
- Alain Dubuc has been appointed as Chief Operating Officer of Fortress Specialty Cellulose Inc., a wholly-owned subsidiary of Fortress Paper which operates the FSC Mill. Mr. Dubuc has over 25 years of industry experience in mill operations, including over 20 years managing mills in Québec. Most recently, Mr. Dubuc was Senior Vice President of Operations at Pinnacle Renewable Energy, where he oversaw six forestry related mills across British Columbia.

About Fortress Paper

Fortress Paper operates internationally in two distinct business segments: dissolving pulp and security paper products. The Company operates its dissolving pulp business at the Fortress Specialty Cellulose Mill located in Canada, which has expanded into the renewable energy generation sector with the construction of a cogeneration facility and the production of NBHK pulp. The Company is also evaluating expanding its dissolving pulp capacity by converting the

Fortress Global Cellulose Mill located at Lebel-sur-Quévillon, Québec into a dissolving pulp mill and re-starting the cogeneration facility. 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 high security production and research facility located in Canada, where it manufactures 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 expected benefits to be derived from the cogeneration facility and the timing for power delivery pursuant to the new power supply agreement. 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. 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. Assumptions underlying the Company's expectations regarding forward-looking statements contained in this news release include, among others: that we will be able to effectively market our products; and that our cogeneration facility will operate at expected levels. Investors are cautioned that all forward-looking statements involve risks and uncertainties including, without limitation, that the FSC Mill cost structure will not improve and that there will be unforeseen technical issues at the FSC Mill. 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.