

**For Immediate Release**



**FORTRESS PAPER UPDATES  
STATUS OF DISSOLVING PULP PRODUCTION**

VANCOUVER, British Columbia, January 16, 2012 – Fortress Paper Ltd. ("Fortress Paper" or the "Company") (**TSX:FTP**) is pleased to announce that it has ramped up production of dissolving pulp at its Fortress Specialty Cellulose Mill to approximately 60% of final targeted capacity since it announced production of dissolving pulp had commenced on December 5, 2011. The ramp up of production continues substantially as planned and we expect meaningful improvements in the short term followed by smaller productivity gains as we approach our targeted production capacity. Our dissolving pulp is meeting customer specifications and after aggregating inventory, customer shipments commenced in the final week of December.

Chad Wasilenkoff, Chief Executive Officer of Fortress Paper, commented: "We are extremely pleased with the speed at which the ramp up of dissolving production is proceeding at our Fortress Specialty Cellulose Mill and are focused on achieving our planned production capacity as soon as possible. With the shipment of our first orders, we have demonstrated our ability to successfully produce dissolving pulp that meets the stringent specifications of our customers."

**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 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 manufactures optically variable thin film material.

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This news 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 the timing of achieving dissolving pulp production capacity. 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 forward-looking statements contained herein involve risks and uncertainties including, without limitation, those relating to potential disruptions to production and delivery, including as a result of equipment failures, labour issues, the complex integration of processes and equipment and other factors, labour relations, regulatory requirements, changes in the market, potential downturns in economic conditions, fluctuations in the price and supply of required materials, foreign exchange fluctuations, 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.