

For Immediate Release



**FORTRESS PAPER ANNOUNCES
SALE OF NON-CORE ASSETS AT LANDQART MILL**

VANCOUVER, British Columbia, May 7, 2012 – Fortress Paper Ltd. ("Fortress Paper" or the "Corporation") (**TSX:FTP**), is pleased to announce that its wholly-owned subsidiary, Landqart AG, has entered into an asset purchase agreement with a leading Swiss utility company for the sale of its hydropower assets and associated real estate. In order to maintain the supply of its operational power requirements, Landqart AG has concurrently entered into a long term power purchase agreement at competitive rates. The sale of the hydropower assets is subject to customary closing conditions and is anticipated to complete imminently.

"The sale of our non-core hydropower assets at Landqart is designed to optimize our current asset base and redirect proceeds to our core businesses, and is consistent with our strategy of unlocking value for our shareholders", said Chadwick Wasilenkoff, Chairman, Chief Executive Officer and President of Fortress Paper.

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.

For more information, please contact:

Chadwick Wasilenkoff

Fortress Paper Ltd.

604-904-2328

info@fortresspaper.com

www.fortresspaper.com

This news release contains certain forward-looking statements that reflect the current views and/or expectations of Fortress Paper with respect to the sale of the hydropower assets at the Landqart mill. 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 ability of the Corporation and the other parties thereto to satisfy the conditions required in order to complete the asset purchase agreement and all related arrangements. 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 conditions

to closing the asset purchase agreement will not be satisfied and that the Corporation will be unable to complete the asset purchase agreement 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 to or updating any voluntary forward-looking statements, except as required by applicable securities law.