



FORTRESS PAPER ANNOUNCES SECOND QUARTER 2015 RESULTS

Vancouver, British Columbia, August 10, 2015 – Fortress Paper Ltd. (“Fortress Paper” or the “Company”) reported 2015 second quarter EBITDA of \$4.1 million, an increase of \$6.6 million and \$10.1 million over the previous quarter and prior year comparative period, respectively. The Dissolving Pulp Segment generated EBITDA of \$2.1 million and the Security Paper Products Segment generated EBITDA of \$3.4 million. Corporate costs contributed EBITDA loss of \$1.4 million to EBITDA.

EBITDA of \$2.1 million for the Dissolving Pulp Segment for the quarter ended June 30, 2015 was an improvement of \$5.4 million when compared to the first quarter of 2015 EBITDA loss of \$3.3 million. The operational challenges in the chemical preparation area and limited capacity of the turbine experienced during the fourth quarter of 2014 impacted the results of the first quarter of 2015. The results for the quarter ended June 30, 2015 were favorably impacted mainly by improved productivity and cash production cost over the prior quarter, increased power generation under the additional power supply agreement with Hydro Québec, and improved pricing. EBITDA results for the second quarter of 2015 improved by \$6.3 million compared to the second quarter of 2014. The results of the second quarter of 2014 reflect restart procedures in early March 2014 and the mill producing northern bleached hardwood kraft pulp through late April when production was switched back to dissolving pulp.

The Company sold 39,664 air dried metric tonnes (“ADMT”) of dissolving pulp in the second quarter of 2015 compared to 38,957 ADMT of dissolving pulp in the first quarter of 2015. Although market conditions remain challenging, the second quarter of 2015 saw slightly improved pricing and industry conditions. However, the Dissolving Pulp Segment continues to be affected by the antidumping duty imposed by China’s Ministry of Commerce in April 2014. The Company continues to have success in diversifying its geographic sales mix and intends to further reduce its dissolving pulp shipments to China by approximately 20% over the balance of the year.

The Landqart mill continues to implement new initiatives to improve efficiencies and profitability. EBITDA of \$3.4 million for the Security Paper Products Segment for the quarter ended June 30, 2015 was \$1.1 million higher when compared to the first quarter of 2015, and \$3.8 million higher when compared to results in the second quarter of 2014. The Landqart mill sold 2,745 tonnes of security paper in the second quarter of 2015, compared to 2,715 tonnes of security paper in the first quarter of 2015. More efficient production and better waste rates positively impacted the results relative to the prior year comparative period.

The Landqart mill is exposed to foreign currency exchange fluctuations, as a material amount of its sales are denominated in euros and its major costs, excluding raw materials, are denominated in Swiss francs as compared to some competitors whose manufacturing costs are primarily denominated in euros. In response to the significant appreciation of the Swiss franc against the euro in the first quarter of 2015, management continues to implement their foreign exchange counter measure program (“FECM”), which includes mitigating foreign exchange and reducing

other costs in areas such as procurement and logistics, to mitigate the negative financial impact in the short and mid-term.

For a summary of significant developments please refer to the Management's Discussion and Analysis for the three and six month periods ended June 30, 2015 (available on SEDAR at www.sedar.com).

A presentation to complement our second quarter earnings conference call is available under the "Investor Relations" section at www.fortresspaper.com.

Selected Financial Information

The selected financial information presented herein is qualified in its entirety by, and should be read in conjunction with, the Company's condensed consolidated financial statements as at and for the three month period ended June 30, 2015 and the related notes thereto and Management's Discussion and Analysis, which are available on SEDAR.

Reference is made in this news release to EBITDA (defined as net income before interest, income taxes, depreciation, amortization, non-operating income and expenses and stock-based compensation), which the Company considers to be an indicative measure of operating performance and a metric to evaluate profitability. Reference is also made to adjusted net loss (calculated as net loss less specific items affecting comparability with prior periods) and adjusted net loss per share (calculated as adjusted net loss divided by the weighted average number of shares outstanding in the period). EBITDA, adjusted net loss and adjusted net loss per share are not generally accepted earnings measures and should not be considered as an alternative to net loss or cash flows as determined in accordance with IFRS. As there is no standardized method of calculating these measures, the Company's EBITDA, adjusted net loss and adjusted net loss per share may not be directly comparable with similarly titled measures used by other companies. Reconciliations of EBITDA and adjusted net loss to net loss reported in accordance with IFRS are included below.

(thousands of dollars, except shipments, unaudited)	Q2 2015	Q1 2015	Q2 2014
Sales	74,028	73,851	67,262
EBITDA (loss) from continuing operations ⁽¹⁾	4,051	(2,535)	(5,994)
EBITDA (loss) ^{(2) (3)}	4,051	(2,535)	(5,994)
Net loss from continuing operations	(7,497)	(17,959)	(20,108)
Net loss ⁽³⁾	(7,497)	(17,959)	(20,766)
Adjusted net loss from continuing operations ⁽⁴⁾	(7,550)	(15,822)	(18,438)
Paper shipments (tonnes) ⁽⁵⁾	2,745	2,715	1,921
Pulp shipments (ADMT)	39,664	38,957	43,343

⁽¹⁾ See Net Loss to EBITDA Reconciliation for Continuing Operations.

⁽²⁾ See Net Loss to EBITDA Reconciliation including Discontinued Operations.

⁽³⁾ Including Discontinued Operations.

⁽⁴⁾ See Net Loss to Adjusted Net Loss Reconciliation for Continuing Operations.

⁽⁵⁾ From Continuing Operations.

Net Loss to Adjusted Net Loss Reconciliation:

(thousands of dollars, except per share amounts, unaudited)	Q2 2015	Q1 2015	Q2 2014
Net loss from continuing operations	(7,497)	(17,959)	(20,108)
Foreign exchange (gain) loss	(53)	1,615	1,670
Prior period sales price adjustment	-	522	-
Adjusted net loss	(7,550)	(15,822)	(18,438)
Basic and diluted net loss per share	(0.51)	(1.22)	(1.38)
Adjusted net loss per share, basic and diluted	(0.51)	(1.08)	(1.26)

Net Loss to EBITDA Reconciliation for Continuing Operations:

(thousands of dollars, unaudited)	Q2 2015	Q1 2015	Q2 2014
Net loss	(7,497)	(17,959)	(20,108)
Income tax expense (recovery)	46	11	(32)
Foreign exchange (gain) loss	(53)	1,615	1,670
Net finance expense	4,676	5,028	5,623
Amortization	7,270	7,406	7,219
Change in fair value of marketable securities	(518)	601	-
Stock based compensation	127	241	(366)
Prior period sales price adjustment	-	522	-
EBITDA (loss)	4,051	(2,535)	(5,994)

Net Loss to EBITDA Reconciliation Including discontinued operations:

(thousands of dollars, unaudited)	Q2 2015	Q1 2015	Q2 2014
Net loss	(7,497)	(17,959)	(20,766)
Income tax expense (recovery)	46	11	(32)
Foreign exchange (gain) loss	(53)	1,615	1,670
Net finance expense	4,676	5,028	5,623
Amortization	7,270	7,406	7,219
Change in fair value of marketable securities	(518)	601	-
Stock based compensation	127	241	(366)
Prior period sales price adjustment	-	522	-
Loss on disposal of business	-	-	658
EBITDA (loss)	4,051	(2,535)	(5,994)

The Company

Fortress Paper operates internationally in two distinct business segments: dissolving pulp and security paper products. The Company operates its dissolving pulp business at the FSC mill located in Canada, which has expanded into the renewable energy generation sector with the construction of a 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.

Conference Call

A conference call to discuss the financial results for the second quarter 2015 will be held on August 11, 2015 at 9:00 a.m. (PDT). To participate in the conference call, please dial one of the following numbers:

604-681-8564 Vancouver
403-532-5601 Calgary or International
780-429-5820 Edmonton
416-623-0333 Toronto
613-212-0171 Ottawa
514-687-4017 Montreal

Toll Free Dial in Number: 1-855-353-9183 from Canada and USA

Participant pass code: 15086#

Conference Reference Number: 1183126#

A replay of the conference call will be available until midnight, September 10, 2015. To access the replay, listeners may dial 1-855-201-2300 from Canada or the USA or dial 403-255-0697 from local Calgary or International. The conference reference number is 1183126# and the participant pass code to access the replay is 15086#.

The Company will be hosting an investor day at the Fortress Specialty Cellulose mill in Thurso, Quebec, October 1, 2015. Please contact the Company for further information if you are interested in attending.

Forward-Looking Information

This news release contains certain forward-looking information that reflects the current views and/or expectations of the Company with respect to its expectations, beliefs, assumptions, estimates and forecasts about its business and the industry and markets in which it operates. The reader is cautioned that forward-looking information is not a guarantee of future performance and involves 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 information. Accordingly, readers should not place undue reliance on forward-looking information, which is qualified entirely by this cautionary statement. Examples of such forward-looking information contained in this news release include statements relating to the Company's intention and ability to reduce dissolving pulp shipments to China as a result of diversifying geographic sales mix. Assumptions underlying the Company's expectations regarding forward-looking information contained in this news release include, among others: that the Company will be able to effectively market its products and successfully diversify geographic sales mix in order to reduce reliance on shipments to China; the ability of the Company to continue to realize significant cost-savings from production improvements, cost reduction initiatives and the cogeneration facility at the Fortress Specialty Cellulose Mill; that equipment will operate at expected levels; and that the Company's assumptions relating to dissolving pulp and related markets will be accurate. Persons reading this news release are cautioned that forward-looking information represents predictions only, and that the Company's actual future results or performance are subject to certain risks and uncertainties including,

without limitation, that market conditions for dissolving pulp will not improve or will worsen, the Company will not realize anticipated cost savings from its cost reduction initiatives, equipment will not operate as intended, the cogeneration facility will not operate as expected, there will be insufficient demand for the Company's products in other countries at prices acceptable to the Company, and other risk factors detailed in the Company's most recent Annual Information Form and other filings with Canadian securities regulatory authorities. These risks, as well as others, could cause actual results and events to vary significantly. The Company does not undertake any obligation to update any forward-looking information, except as required by applicable securities law.

For further information please contact:

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