

**For Immediate Release**



## **FORTRESS PAPER PROVIDES CORPORATE UPDATE**

VANCOUVER, British Columbia, March 5, 2015 – Fortress Paper Ltd. ("Fortress Paper" or the "Company") (TSX:FTP) provides a general corporate update relating to its operations.

### **Landqart Mill**

During the first quarter of 2015, key performance indicators at the Landqart Mill were positive. Waste rates continued to improve on all levels and, despite an increasingly challenging market environment due to global overcapacity in high-security paper, the Landqart Mill has a strong order book for the next two quarters. In particular, sales of Durasafe®, the Landqart Mill's innovative new high-performance composite paper-polymer banknote substrate, continue to meet management's expectations and generate interest.

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. Accordingly, the Landqart Mill's financial performance during the first quarter of 2015 has been negatively impacted by the recent appreciation of the Swiss franc against the euro. In response to the significant change in the Swiss franc exchange rate, management commenced a foreign exchange counter measure program to mitigate the negative financial impact in the short and mid-term. As a result of this program, management anticipates positive EBITDA at the Landqart Mill for the first quarter and is forecasting EBITDA growth for 2015 over 2014 results.

### **Fortress Specialty Cellulose Mill**

In respect of its Fortress Specialty Cellulose Mill located in Thurso, Québec (the "FSC Mill"):

- As an update on the FSC Mill's cogeneration facility, the FSC Mill has now received delivery of a new replacement gear after a crack was discovered. The cogeneration facility has been limited to operating at approximately 80% of its original target since the crack was discovered. The objective will be to ramp up to 22-23 megawatts by the end of the second quarter.
- The FSC Mill is exposed to foreign currency exchange fluctuations, as all of its sales are denominated in US dollars and its costs are substantially denominated in Canadian dollars. Accordingly, the FSC Mill's financial performance has been benefiting during the first quarter of 2015 as a result of the appreciation of the US dollar against the Canadian dollar. Management estimates that every \$0.01 appreciation of the US dollar against the Canadian dollar would have an approximately \$300,000 positive impact on first quarter 2015 results.

- The FSC Mill is also exposed to fluctuations in the price of oil due to its consumption. Accordingly, the FSC Mill's costs have been benefiting during the first quarter of 2015 as a result of the fall in the price of oil during this period. Management estimates that every \$0.01 per litre decrease in the price of oil would have an approximately \$35,000 positive impact on first quarter 2015 results.
- Management anticipates that the negative impact of the problems in the lime kiln and recaust areas, which resulted in increased downtime and costs at the FSC Mill, and cold weather conditions in the Thurso region, which resulted in 6% reduced capacity at the digester, will be partially mitigated by the financial benefits derived during the first quarter of 2015 from favourable foreign currency exchange fluctuations and the fall in the price of oil.

### **Fortress Global Cellulose Mill**

The Company's wholly-owned subsidiary, Fortress Global Cellulose Ltd. ("FGC"), has re-entered into an electricity supply agreement with Hydro Quebec under its power purchase program following the cancellation of its previous agreement announced in September 2013. Under the new electricity supply agreement, FGC may deliver up to 45 megawatts of green energy from its cogeneration facility. By entering into a new agreement with Hydro Quebec, the Company is preserving all of its options in respect of the cogeneration facility in order to maximize the value of the asset. At this time, however, management has no immediate intention to restart operations at the pulp mill or to proceed with the conversion of the pulp mill into a dissolving pulp producer.

### **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 FSC Mill located in Canada, which has expanded into the renewable energy generation sector with the construction of a cogeneration facility and the production of northern bleached hardwood kraft pulp. 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.

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This press release contains certain forward-looking information that reflects the current views and/or expectations of Fortress Paper with respect to: expected financial performance of the Landqart Mill in the first quarter of 2015 and through the 2015 fiscal year; timing for the ramp-up of the FSC Mill's cogeneration facility; and impact of currency

exchange rates and other market factors on financial results of the FSC Mill. The reader is cautioned that statements constituting forward-looking information 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 information. Forward-looking information is based on the then-current expectations, beliefs, assumptions, estimates and forecasts about the business and the industry and markets in which the Company operates. 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 successfully repair the cogeneration facility and that the facility will not experience further equipment failures; that the foreign exchange counter measure program will have a positive impact on the financial performance of the Landqart Mill; and that market conditions will remain consistent throughout the first quarter of 2015 to support sensitivity analyses. Investors are cautioned that all forward-looking information involves risks and uncertainties including, without limitation, that: market conditions change such that the Company's financial forecasts and expectations will no longer be accurate; the Company will not realize anticipated benefits from its foreign exchange counter measure program; equipment failures at the FSC Mill or Landqart Mill; and other risk factors detailed in our Annual Information Form dated March 31, 2014, available on SEDAR at [www.sedar.com](http://www.sedar.com) and other filings with the Canadian securities regulatory authorities. 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. Financial forecasts are not indicators of future financial performance and there is no assurance that the Company's assumptions in support of such forecasts are correct or complete. 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.