

## **For Immediate Release**



### **FORTRESS PAPER PROVIDES CORPORATE UPDATE**

VANCOUVER, British Columbia, September 30, 2013 – Fortress Paper Ltd. ("Fortress Paper" or the "Company") (TSX:FTP) provides a general corporate update relating to its operations.

#### **Fortress Specialty Cellulose Mill**

The Company is pleased to announce that on September 16, 2013 its Fortress Specialty Cellulose Mill (the "FSC Mill") successfully installed a new high pressure water pump for its cogeneration facility and synchronized the cogeneration facility with the Hydro Québec grid without issue. Since the successful installation of the new high pressure water pump, the cogeneration facility has generated 4,617 MW hours in cumulative power and averaged daily electrical output of 20.25 MW per hour. In addition, the boiler, turbine and generator components of the cogeneration facility operated over 96% of the time during this period.

The Company is required to complete a continuous 100 hour grid test before the cogeneration facility can deliver power to the Hydro Québec grid at the contracted rate. Since the installation of the high pressure water pump, the cogeneration facility has operated continuously on two occasions for 71 and 94 hours respectively, but has yet to complete the continuous 100 hour grid test due to minor technical issues which were not directly related to the cogeneration facility and which will be resolved imminently. The Company anticipates completing the 100 hour grid test in the near future.

The Company continues to respond to inquiries from China's Ministry of Commerce ("MOFCOM") relating its investigation into dissolving pulp imports into China, but no date for MOFCOM's final determination on the matter has been set. To mitigate any adverse impacts resulting from the threatened imposition of a dumping tariff by MOFCOM on the import of dissolving pulp into China, and challenges in the dissolving pulp market generally, the Company has begun conducting a strategic assessment of alternatives for the FSC Mill.

During the third quarter, the Company implemented a plan to reduce logistics, transportation and distribution costs at the FSC Mill. As a result, there will be an increase in the finished goods inventory levels, due to the Company retaining ownership of such inventory for a longer period in the sales cycle. Going forward, the Company expects these savings to increase the net realized revenue. Inventories at the FSC Mill may also increase as a result of the uncertainty caused by MOFCOM's investigation resulting in Chinese buyers suspending purchase orders for dissolving pulp.

#### **Fortress Global Cellulose Mill**

The Company announces that, as a result of a change in timelines relating to the Fortress Global Cellulose Mill ("FGC Mill") project, it reviewed with Hydro Québec its electricity supply agreement dated September 28, 2012, for the FGC Mill's cogeneration facility, as a result the agreement is no longer in effect. The Company's FGC Mill intends to submit a tender for a new power supply agreement under Hydro Québec's power purchase program request for proposals expiring December 21, 2013. Among other things, the new tender will include a request for an increase in the amount of power to be supplied by the cogeneration facility from the previously approved 34 megawatts to 42 megawatts. There is no assurance that the Company will be granted another power supply agreement. The Company continues to explore strategic alternatives and seek new partners for the FGC Mill project and discussions are continuing with respect to potential revised terms for its project financing.

#### **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 is also in the process of expanding into the renewable energy generation sector with the

construction of a cogeneration facility. The Company is also seeking to expand its dissolving pulp capacity with the recent acquisition of Fortress Global Cellulose Mill located at Lebel-sur-Quévillon, Québec, which the Company is evaluating to convert into a dissolving pulp mill and re-start 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 its performance, business and future events, including statements regarding the timing of the completion of the cogeneration facility at the FSC Mill; the timing and completion of the 100 hour grid test at the FSC Mill; the submission by Fortress Global Cellulose Ltd. of a tender for a new power supply agreement; and the revision of the project financing terms for the FGC Mill. 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 there will be no further unforeseen or unexpected delays that will further impact the timing of completion of the cogeneration project; Fortress Global Cellulose Ltd. will be able to submit a tender for a new power supply agreement; and the terms of the project financing for the FGC Mill can be revised. Investors are cautioned that all forward-looking statements involve risks and uncertainties including, without limitation, risks that the completion of the cogeneration facility at the Fortress Specialty Cellulose Mill will not proceed as expected; that Hydro Quebec will not accept Fortress Global Cellulose Ltd.'s tender for a new power supply agreement; that the terms for the project financing for the FGC Mill cannot be revised; that market conditions for dissolving pulp will not continue to be favourable; 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.