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**FORTRESS PAPER REPORTS SECOND QUARTER 2017 RESULTS
AND CEO RETIREMENT**

Vancouver, British Columbia, August 14, 2017

Second Quarter 2017 Consolidated Results

Fortress Paper Ltd. ("Fortress Paper" or the "Company") reported 2017 second quarter operating EBITDA of \$4.3 million, a decrease of \$2.0 million relative to the comparative prior year period and a decrease of \$3.2 million over the previous quarter. The Dissolving Pulp Segment generated operating EBITDA of \$3.5 million and the Security Paper Products Segment generated operating EBITDA of \$2.8 million. Corporate costs included in operating EBITDA were \$2.0 million.

Pursuant to the Company's normal course issuer bid (the "NCIB"), the Company repurchased 54,688 common shares for a total cost of \$360,000 at an average price of \$6.58 per share during the second quarter. The Company has the ability to purchase an additional 355,321 common shares under the NCIB.

Retirement of Yvon Pelletier

After 36 years in the forestry industry, including nearly five years at Fortress Paper, Yvon Pelletier will be retiring from the Company effective October 1, 2017. Chadwick Wasilenkoff will re-assume the role of Chief Executive Officer and President and continue to serve as Chairman of the board. In order to facilitate a smooth transition of Mr. Pelletier's duties and strong customer and government relationships, he has agreed to a two year consulting agreement.

Yvon Pelletier, Chief Executive Officer of Fortress Paper, commented: "I would like to thank the whole team at Fortress for sharing these past five years of my career with me. With the addition of Giovanni Iadeluca to Thurso's operations and Mr. Wasilenkoff's full-time involvement, I am confident that I am leaving the Company in good hands for the next stage of improvement and growth."

Second Quarter 2017 Results by Segment

Dissolving Pulp Segment operating EBITDA was \$3.5 million for the second quarter of 2017, representing an increase of \$0.3 million over the prior year comparative period and a decrease of \$4.8 million when compared to the first quarter of 2017. The results of the second quarter of 2017 were negatively impacted primarily by lower production rates, increased production costs and a decline in dissolving pulp prices. Production efficiency and costs were impacted by the operational challenges experienced in the chemical recovery area of the mill and a three day planned outage. Average production cost in the quarter was \$991 per air dried metric tonne ("ADMT") which is above target. Corrective measures and efficiency initiatives have been

identified and scheduled to be completed during the annual October shutdown. The shutdown is planned to be extended a few days this year due to the incremental work required in connection with the fifth digester project. Ongoing initiatives to reduce operational costs are focused primarily in the following areas: improving productivity, reducing fuel consumption, increasing power generation, and reducing chemical costs. Separately, the fifth digester project is on time and on budget with an anticipated completion date at the end of the first quarter of 2018, and which is expected to result in an incremental annual production capacity increase of 8,500 ADMT in 2018 and 17,000 ADMT in 2019 compared to current production capacity. The Company sold 34,672 ADMT of dissolving pulp in the second quarter of 2017, down from 39,931 in the previous year comparative period.

Security Paper Products Segment operating EBITDA was \$2.8 million for the second quarter of 2017, representing a decrease of \$1.0 million compared to the prior year comparative period, adjusted for \$0.9 million of rent, and an increase of \$1.3 million compared to the first quarter of 2017. The Landqart mill continues to implement new initiatives to improve efficiencies and profitability. The build-out and installation of the second finishing machine has been materially completed, is undergoing final testing and is on schedule to be fully operational before the end of the third quarter of 2017. The additional finishing machine is expected to de-bottle-neck the mill and provide more production flexibility. The Landqart mill sold 3,139 tonnes of security paper in the second quarter of 2017, compared to 2,714 tonnes in the prior year comparative period.

Management's Outlook

Dissolving Pulp Segment

Over the last two months, viscose staple fibre ("VSF") prices have recovered from recent weakness, returning to August 2016 levels. Dissolving pulp prices usually lag behind the VSF price, however management has seen recent price increases occurring. Management now believes that full year average dissolving pulp pricing will be comparable to 2016. Despite the weaker than expected second quarter financial results, management expects to achieve annual operating EBITDA similar to the prior year, subject to market factors such as dissolving pulp trend pricing and a stable Canadian dollar relative to the US dollar.

Security Paper Products Segment

The Landqart mill has a full order book for 2017 and continues to build out its 2018 order book comprised of a mix of new and repeat orders including for Durasafe®. Operating EBITDA at the Landqart mill for the quarter ended June 30, 2017 exceeded expectations due to a significant order shipping in the quarter originally planned for shipment in the third quarter of 2017. Operating EBITDA in the third quarter is expected to be lower when compared to the second quarter due to the aforementioned shipment and lower margin product mix.

As previously announced, Landqart received another Durasafe® order in the second quarter, and based on multiple trials being conducted at various stages, management continues to anticipate additional Durasafe® orders in the near, medium and long term.

Corporate and Cash

Corporate expenses in the second quarter decreased by \$0.3 million compared to the previous quarter to \$2.0 million. Cash and restricted cash ended the second quarter at \$58.5 million, up from \$57.8 million at the end of the previous quarter.

Management remains pleased with this increased liquidity profile and believes that cash on hand and anticipated cash generated from operations and other initiatives will be sufficient to meet all debt obligations and to contribute to future business growth initiatives.

For a summary of significant developments please refer to the Management's Discussion and Analysis for the three and six month period ended June 30, 2017 (available on SEDAR at www.sedar.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 unaudited condensed consolidated financial statements as at and for the three and six month period ended June 30, 2017 and the related notes thereto and Management's Discussion and Analysis, which are available on SEDAR.

Reference is made in this news release to operating 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. Operating EBITDA is not a generally accepted earnings measure 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 this measure, the Company's operating EBITDA may not be directly comparable with similarly titled measures used by other companies. Reconciliation of operating EBITDA to net loss reported in accordance with IFRS is included below.

Selected Financial Information and Statistics

(thousands of dollars, except shipments, unaudited)	Q2 2017	Q1 2017	Q2 2016
Sales	86,599	92,460	87,993
Operating EBITDA ⁽¹⁾	4,289	7,489	6,307
Net (loss) income	(2,087)	(2,745)	6,893
Adjusted net loss	(8,193)	(2,999)	(6,921)
Paper shipments (tonnes)	3,139	2,836	2,714
Pulp shipments (ADMT)	34,672	37,833	39,931

(1) See Net Loss to Operating EBITDA Reconciliation.

A conference call to discuss the financial results for the second quarter 2017 will be held on August 15, 2017 at 6:00 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: 1221180#

A replay of the conference call will be available for 30 days. To access the replay, listeners may dial 1-855-201-2300 from North America or 403-255-0697 International. The conference reference number is 1221180# and the participant pass code to access the replay is 15086#.

A presentation to complement our second quarter earnings conference call is available under the “Investor Relations” section at www.fortresspaper.com or by sending a request to info@fortresspaper.com

Financial Reconciliations

Net Loss to Operating EBITDA Reconciliation:

(thousands of dollars, unaudited)	Q2 2017	Q1 2017	Q2 2016
Net (loss) Income	(2,087)	(2,745)	6,893
Income tax expense	(17)	21	5
Foreign exchange (gain) loss	(3,907)	(254)	561
Net finance expense	4,064	1,846	5,229
Amortization	8,586	8,522	7,672
Gain on property, plant and equipment	(8)	-	-
(Gain) loss on financial instruments	(427)	(26)	288
Stock-based compensation	276	125	34
Reversal of legal provision	(2,731)	-	-
Non-recurring salary adjustment	540	-	-
Reversal of impairment on property, plant and equipment	-	-	(14,375)
Operating EBITDA	4,289	7,489	6,307

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 Fortress Specialty Cellulose 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.

For further information please contact:

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Fortress Paper Ltd.
604-904-2328 (info@fortresspaper.com)

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 growth and future prospects of the Company's business; market conditions for dissolving pulp, VSF, security papers and the Company's other products; and the benefits that may accrue to the Company as the result of certain projects, cost reductions, equipment upgrades and production improvement initiatives. 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; the ability of the Company to realize significant cost-savings from production improvements, projects and cost reduction initiatives; that equipment will operate at expected levels; that labour relations will remain positive; and that the Company's assumptions relating to VSF, dissolving pulp and other 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; 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.