

**For Immediate Release**



## **FORTRESS PROVIDES UPDATE ON CHINA'S ANTIDUMPING DUTY**

VANCOUVER, British Columbia, October 15, 2014 – Fortress Paper Ltd. ("Fortress Paper" or the "Company") (**TSX:FTP**) reports that the antidumping duty imposed by China's Ministry of Commerce ("MOFCOM") on dissolving pulp imports to China from Canada, the United States and Brazil has remained unchanged since its imposition. As a result, the dissolving pulp exports from the Company's wholly-owned subsidiary Fortress Specialty Cellulose Inc. ("FSC") to China remain subject to a 13% duty, which would cost FSC approximately \$20 million annually in lost revenues.

In Canada, the impact of the duty has put thousands of jobs in the dissolving pulp industry at risk, including over 300 jobs at the Fortress Specialty Cellulose Mill in Thurso, Québec. Further, the 23.7% duty imposed on new dissolving pulp mills in Canada has effectively frozen expansion in the once-growing industry, including the Company's indefinite suspension of the dissolving pulp conversion project at its Fortress Global Cellulose Mill located in Lebel-sur-Quévillon, Québec. In the long-term, the Company and Canada will lose out on this forestry sector compared to nations not impacted by the MOFCOM duty.

The Company continues to evaluate its options in response to the antidumping duty, as the Company's management believes the duty was determined in a manner contrary to international law. Specifically, management believes that China's domestic dissolving pulp industry, which petitioned the investigation into dissolving pulp imports, suffered no injury as a result of imported pulp.

The Company submits that MOFCOM should reconsider its determination due to the commercial reality that dissolving pulp was not being dumped into the Chinese market from Canada and that the duty has not had any positive effect on the local price. In light of the significant adverse economic impact of the duty on the dissolving pulp industry in Canada and the communities which depend on Canada's dissolving pulp mills for employment and economic growth, management has been urging the Government of Canada to petition the Chinese government directly, on behalf of the Canadian dissolving pulp industry, to equitably resolve the dispute.

Chadwick Wasilenkoff, Chief Executive Officer of Fortress Paper, commented: "We trust that the Chinese government will correct the situation as the antidumping duty does not comply with international law and World Trade Organization rules and has not resulted in any positive effect on the local price. In light of the negative impact of the duty on Canada's dissolving pulp producers since the duty was first imposed, we continue to petition the Government of Canada to intercede on behalf of the industry to seek resolution with the Chinese government. In the meantime, we continue to mitigate the effects of the duty by undertaking cost-cutting initiatives at the Fortress Specialty Cellulose Mill."

## **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 has expanded into the renewable energy generation sector with the construction of a cogeneration facility and the production of NBHK 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 statements that reflect the current views and/or expectations of Fortress Paper with respect to the impact of the MOFCOM antidumping duty on revenues and employment, the market conditions for dissolving pulp, the growth and performance of the Canadian dissolving pulp industry, anticipated trends in the domestic industry, the price impact of the MOFCOM antidumping duty, changes to the MOFCOM antidumping duty and the ability of the Company mitigate the effects of the duty by undertaking cost-cutting initiatives. 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, 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: the MOFCOM antidumping duty negatively impacts revenues and employment in the Canadian dissolving pulp industry, including at FSC; dissolving pulp producers in countries not subject to the MOFCOM antidumping duty have a competitive advantage over producers in Canada; and the ability of the Company to realize cost-savings from cost-cutting initiatives. Investors are cautioned that all forward-looking statements involve risks and uncertainties including, without limitation, that market conditions for dissolving pulp will remain unfavourable, the antidumping duty will remain unchanged, and the Fortress Specialty Cellulose Mill cost structure will not improve. 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.