

For Immediate Release



FORTRESS PAPER ANNOUNCES \$19.7 MILLION INVESTMENT IN BIRCH PROJECT AT ITS DISSOLVING PULP MILL

VANCOUVER, British Columbia, November 14, 2016 – Fortress Paper Ltd. ("**Fortress Paper**" or the "**Company**") (TSX:FTP) is pleased to announce a major investment to advance its strategic project of utilizing birch to manufacture dissolving pulp at the Fortress Specialty Cellulose Mill located in Thurso, Québec (the "**Project**"). Birch trees grow abundantly across Canada and are considered an underutilized species of tree. The Project will ensure a better use of the mixed forest in the local region, increase economic activity, and result in other ancillary economic benefits.

The Project is estimated to cost approximately \$19.7 million in total, with \$9 million to be funded by the Government of Canada through a non-repayable contribution. The remainder of the Project's total cost is expected to be financed by the Company with cash on hand, operating cash-flow and other investment incentive programs, such as the Hydro Québec "Rate L" tariff.

The Company anticipates that the Project will be completed in the first quarter of 2018, and 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.

Yvon Pelletier, President and Chief Executive Officer of Fortress Paper, commented: "We are delighted with the support of the federal government. This investment highlights the innovative and transformative potential of producing dissolving pulp using birch. The Project demonstrates our commitment to pursuing strategic initiatives that build long-term shareholder value."

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. 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 news release contains certain forward-looking information that reflect 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 statements comprising 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. Accordingly, readers should not place undue reliance on forward-looking information. Examples of such forward-looking information that may be contained in this news release include: the operational results and production capacity increases expected from the Project, the ancillary economic benefits expected from the Project, and the expected sources of funding for the Project. Assumptions underlying the Company's expectations regarding forward-looking information contained in this news release include, among others: that the completion of the Project will achieve the operational results expected by the Company, that there will be a viable market for dissolving pulp, that the cost of the Project will not materially exceed the Company's estimates and that Fortress Paper will have sufficient financing to fund the Project. Persons reading this news release are cautioned that statements comprising forward-looking information are only predictions, and that the Company's actual future results or performance are subject to certain risks and uncertainties including, without limitation: that there will be insufficient funds available to finance the Project or that the Company will be unable to complete the Project without additional funding; that there will be unforeseen disruptions to the completion of the Project; that there may be downturns in the market for dissolving pulp; that the Project will not achieve its intended operational results; 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 statements comprising forward-looking information, 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 information, except as required by applicable securities law.