



FORTRESS PAPER LTD.

WHISTLEBLOWER POLICY

In order to facilitate the reporting of employee complaints, the audit committee (the "Audit Committee") of the board of directors of Fortress Paper Ltd. (the "Company") has established the following procedures for the confidential, anonymous submission by employees of complaints or concerns ("Complaints") regarding accounting, internal controls or auditing matters ("Accounting Matters"), and the Audit Committee's receipt, retention and treatment of those Complaints.

A. Scope of Matters Covered by these Procedures

These procedures apply to Complaints relating to any Accounting Matters, including, without limitation, the following:

- fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Company;
- fraud or deliberate error in the recording and maintaining of financial records of the Company;
- deficiencies in or noncompliance with the Company's internal controls;
- misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in the financial records, financial reports or audit reports of the Company; or
- deviation from full and fair reporting of the Company's financial condition.

B. Receipt of Employee Complaints

Employees should forward Complaints on a confidential or anonymous basis to an independent member of the Audit Committee, as follows:

- (i) by written submission addressed to:

Richard O'C. Whittall
Audit Committee
Fortress Paper Ltd.
2nd Floor, 157 Chadwick Court, North Vancouver, BC
Facsimile: (604) 988-5327

(ii) by e-mail addressed to:

rwhittall@watershedpartners.ca

The independent members of the Audit Committee have no ties to management. The board of directors has charged the independent members of the Audit Committee with the responsibility of receiving anonymous Complaints from Company employees and they will deliver such Complaints to the Audit Committee in accordance with the provisions hereof.

C. Content of Complaints

To assist the Company in the response to or investigation of a Complaint, the Complaint should contain as much specific, factual information as possible to allow for proper assessment of the nature, extent and urgency of the matter that is the subject of the Complaint, including, without limitation and to the extent possible, the following information:

- the alleged event, matter or issue that is the subject of the Complaint;
- the name of each person involved;
- if the Complaint involves a specific event or events, the approximate date and location of each event; and
- any additional information, documentation or other evidence available to support the Complaint.

D. Treatment of Complaints

Upon receipt of a Complaint the independent members of the Audit Committee will: (i) determine whether the Complaint pertains to Accounting Matters; and (ii) when possible, acknowledge receipt of the Complaint to the sender. Complaints relating to Accounting Matters will initially be reviewed by the independent members of the Audit Committee and, in the event there is a basis for the complaint, the complaint shall be reviewed under the direction of the Audit Committee, and the Audit Committee may gather additional information and confer with additional outside resources as needed to investigate the Complaint. Prompt and appropriate corrective action will be taken when and as warranted in the judgment of the Audit Committee.

E. Confidentiality/Anonymity

The Company shall maintain the confidentiality or anonymity of the person making the Complaint to the fullest extent reasonably practicable within the bounds of the law and of any ensuing evaluation or investigation. Legal or business requirements may not allow for complete anonymity. Also, in some cases it may not be possible to proceed with or properly conduct an investigation unless the complainant identifies himself or herself. In general, it is less likely that an investigation will be initiated in response to an anonymous Complaint due to the difficulty of interviewing anonymous

complainants and evaluating the credibility of their Complaints. In addition, persons making Complaints should be cautioned that their identity might become known for reasons outside of the control of the Company. The identity of other persons subject to or participating in any inquiry or investigation relating to a Complaint shall be maintained in confidence subject to the same limitations.

F. Protections from Retaliation

The Company will not discharge, demote, suspend, threaten, harass or in any manner discriminate or retaliate against any employee or the terms and conditions of such employee's employment based upon any lawful actions of such employee with respect to good faith reporting of Complaints regarding Accounting Matters.

G. Reporting and Retention of Complaints and Investigations

The independent members of the Audit Committee will maintain a log of all Complaints, tracking their receipt, investigation and resolution and shall prepare a summary thereof and present the same to the Audit Committee on a quarterly basis. Copies of Complaints and such log shall be maintained by the independent members of the Audit Committee in a confidential manner.