

For Immediate Release



FORTRESS PAPER ANNOUNCES DEFINITIVE IQ LOAN AMENDMENT

VANCOUVER, British Columbia, December 3, 2014 – Fortress Paper Ltd. ("Fortress Paper" or the "Company") (TSX:FTP) is pleased to announce today that its wholly-owned subsidiary, Fortress Specialty Cellulose Inc. ("FSC"), has entered into a definitive amendment agreement with Investissement Québec ("IQ") in respect of its C\$102.4 million project financing loan with IQ (the "IQ Loan") relating to its mill located in Thurso, Québec (the "FSC Mill"), which amendment has received final Provincial Government approval. This agreement reflects the strong relationship between Fortress Paper and IQ in respect of the FSC Mill and our mutual interest in ensuring the mill's success.

Pursuant to the amendment agreement, the maturity date of the IQ Loan has been extended from April 30, 2020 to December 31, 2026. Additional key terms of the amendment include:

Interest Deferral

From May 1, 2014 to December 31, 2016, inclusively, no interest shall accrue or be paid on the balance of the IQ Loan. Upon the expiry of such period, the IQ Loan shall bear interest at an annual rate of five percent, commencing January 1, 2017.

Principal Deferral

From May 1, 2014 to December 31, 2016, inclusively, there will be a repayment moratorium on principal repayments on the IQ Loan. Upon the expiry of the moratorium period, the FSC Mill shall repay the balance of the principal of the IQ Loan in quarterly installments, commencing March 31, 2017.

Contingent Payment

In consideration of the interest and principal payment deferral, IQ shall be entitled to contingent payments of up to a maximum aggregate amount of \$14.25 million, payable by the FSC Mill in three installments if the FSC Mill produces excess cash flow, as defined in the amendment agreement. The contingent installment payments, if any, are payable on April 30 of 2021, 2024 and 2027.

Warrants

The previously issued 715,000 share purchase warrants in Fortress Paper issued to IQ shall be cancelled and Fortress Paper shall issue 1,000,000 share purchase warrants (each, a "Warrant"). Each Warrant shall entitle IQ to purchase a common share of Fortress Paper from treasury at the purchase price of \$5 per share, payable in cash. The issuance of the Warrants shall be subject to Toronto Stock Exchange ("TSX") approval. The Warrants shall expire five years following the

entering into of the amendment agreement and shall be non-transferable. If the closing price of Fortress Paper's common shares, as listed on the TSX, remains at \$6.00 or higher for at least ten consecutive trading days, then Fortress Paper may accelerate the expiry date of the Warrants to be not earlier than thirty days following the date of notice to IQ of such acceleration.

Capital Expenditure

As evidence of the Company's commitment to improving the performance of the FSC Mill, pursuant to the amendment agreement, the FSC Mill has agreed to incur aggregate capital expenditures of at least \$25 million during the fiscal years ending on December 31, 2014, 2015 and 2016, which is less than what management had anticipated spending during this period. For the fiscal year ended December 31, 2014, the FSC Mill is projected to have incurred capital expenditures of approximately \$11.8 million.

Permitted Inter-Company Transfers

Pursuant to the amendment agreement, FSC shall be subject to certain restrictions on distributions to the Company during the moratorium period and the remaining term of the IQ Loan. However, the Company believes that such restrictions will not materially impede its financial capability to operate in the normal course of business.

Operational Commitments

During the moratorium period, the FSC Mill has also agreed to consult with and seek the approval of IQ in connection with shutdowns outside of the normal course of business or other than as a result of labour disruptions or force majeure.

The summary of the terms of the amendment agreement in this news release is qualified in its entirety by, and should be read in conjunction with, the full text of the amendment agreement which will be available shortly on SEDAR at www.sedar.com.

Chadwick Wasilenkoff, Chief Executive Officer of Fortress Paper, commented that: "Today's amendment agreement with IQ is reflective of a cooperative commercial relationship and is an important step for the FSC Mill in enhancing its working capital. The increased certainty provided by this long-term agreement will allow the FSC Mill to better manage its cash flow while we continue to seek further opportunities to enhance the Company's overall financial flexibility."

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 FSC Mill located in Canada, which has expanded into the renewable energy generation sector with the construction of a cogeneration facility and the production of northern bleach hardwood kraft 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, among others, the issuance of the Warrants, the Company's expectations in respect of its financial capability and the impact of restrictions under the amendment agreement on FSC's ability to make distributions to the Company, the rate of future operations at the FSC Mill and the costs of and timing for the completion of capital expenditure projects. 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. Assumptions underlying the Company's expectations regarding forward-looking statements contained in this news release include, among others, the IQ Loan amendment will increase the Company's financial flexibility, the TSX will approve the issuance of the Warrants, planned capital expenditures will be completed on budget and on schedule, the Company will not come subject to unplanned shutdowns at the FSC Mill or other shutdowns not permitted per the amendment agreement and, if such shutdowns were to occur, that the Company will be able to find a mutually agreeable solution with IQ, that equipment will operate at expected levels, and that the Company's liquidity and ability to pursue any business opportunities shall not be unduly impeded by restrictions on FSC's ability to make distributions to the Company. Investors are cautioned that all forward-looking statements involve risks and uncertainties including, without limitation, potential disruptions to the completion of capital expenditure projects, potential disruptions to the FSC Mill operations that are not permissible under the amendment agreement and which may not be acceptable to IQ, the restrictions on FSC distributions in the amendment agreement may impede the Company's ability to pursue certain business opportunities and have a material adverse impact on liquidity for the Company's business segments, and those risk factors detailed in our Annual Information Form dated March 31, 2014, available on SEDAR at www.sedar.com and other filings with the Canadian securities regulatory authorities. 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.