

**For Immediate Release**



**FORTRESS PAPER RESPONDS TO CHINESE ANTI-DUMPING DUTIES  
AND IMPLEMENTS SWING MILL STRATEGY**

VANCOUVER, British Columbia, November 6, 2013 – Fortress Paper Ltd. ("Fortress Paper" or the "Company") (TSX:FTP) announces that that China's Ministry of Commerce ("MOFCOM") has made a preliminary determination to impose an interim duty on the import of Canadian dissolving pulp into China. The interim duty applied against the Company's dissolving pulp imports will be calculated at 13% of the CIF price to China and will be payable in cash bonds in respect of prospective imports during the period between MOFCOM's preliminary and final determination. The interim duty applied against the Company's imports is consistent with that applied against other Canadian dissolving pulp importers who responded to the investigation.

The Company is disappointed by MOFCOM's preliminary decision, and believes that the decision represents an unsupported assessment of injury to China's dissolving pulp market and the allegations of 'dumping' activities by Canadian producers. MOFCOM's interim duty will materially harm the business of Chinese viscose fibre producers, which is a significant domestic industry. As set forth in the report, "China's Antidumping Investigations Against Cellulose Pulp" by prominent Canadian economist Michael Stone, changes in the price for dissolving pulp have largely been driven by factors such as the price of cotton and a globally weak textile fibers market. Furthermore, cost of wood fibre is the largest single input cost in dissolving pulp production, which places Chinese producers at a disadvantage due to their need to import fibre and not as a result of any alleged dumping activities by foreign dissolving pulp producers. The duty imposed by MOFCOM will be ineffective in reducing wood fibre costs for Chinese producers, and may end up causing significant harm to China's viscose fibre producers. The complete text of Mr. Stone's report is available on Fortress Paper's website at [www.fortresspaper.com](http://www.fortresspaper.com) under the heading "Investor Relations", by request by emailing [info@fortresspaper.com](mailto:info@fortresspaper.com), or by [clicking here](#).

Chadwick Wasilenkoff, Chief Executive Officer of Fortress Paper, commented: "This is a challenging time for Fortress Paper, but we have prepared for this eventuality and have implemented a strategy which should mitigate the short-term adverse effects of MOFCOM's preliminary determination." Mr. Wasilenkoff continued, "We wholly disagree with MOFCOM's conclusion that Canadian dissolving pulp producers are dumping exports into China and have expressed this view to MOFCOM in the strongest manner. As a response, we are assessing our legal options and will be working with the Canadian government to have this determination reviewed by the WTO."

Given that MOFCOM's decision is not supported by the facts or the underlying economics, the Company is evaluating its legal options to reverse the preliminary decision of MOFCOM. Fortress Paper will initially have 10 days to submit a response to MOFCOM's preliminary determination. The Company is also preparing further submissions to be made to MOFCOM prior to its final determination and is reviewing the possibility of requesting a public hearing. MOFCOM's final determination is expected to be made in February 2014, unless the investigation period is further extended. If MOFCOM calculates a final dumping margin lower than 13%, any excess cash bonds paid on shipments during the interim period will be refunded. If the final dumping margin is higher than 13%, any outstanding cash bonds will be fully applied towards the formal import duty on imports subsequent to the final determination, however no additional amount will be payable for imports during the interim period.

Upon the completion of the investigation and MOFCOM's final determination, an application may be made by the Canadian Government to the World Trade Organization (WTO) to review MOFCOM's determination. WTO cases typically have a duration of approximately two years, inclusive of appeal processes. Although

Fortress Paper believes that it has strong arguments against the imposition of a dumping duty, there is no assurance that it will be successful in reversing MOFCOM's preliminary determination or in securing the Canadian Government's support in commencing a WTO review.

In part to mitigate the adverse effects of the dissolving pulp duty, the Company reconfirms that it has the ability to implement its "swing mill" strategy at its Fortress Specialty Cellulose Mill (the "FSC Mill"). The Company intends to enter into agreements to provide customers with regular volumes of northern bleached hardwood kraft ("NBHK") pulp, including specialty maple NBHK pulp. The FSC Mill's commitment to providing customers with regular volumes will allow the Company to secure better purchase orders for its NBHK pulp.

The FSC Mill will be able to lower its cost structure accordingly and achieve a capacity increase of approximately 25% when redirecting production from dissolving pulp to NBHK pulp and specialty non-paper grade pulps.

The FSC Mill is able to swing production between these pulp products because Fortress Paper has, in addition to its expertise in dissolving pulp production, extensive experience in both NBHK pulp and specialty non-paper grade pulp production. Leveraging this expertise, the Company anticipates being able to both provide regular volumes of dissolving pulp and swing production to NBHK pulp with minimal downtime.

The flexibility derived from the FSC Mill's swing mill strategy should allow the Company to mitigate the adverse impacts resulting from the imposition of the dumping tariff on Canadian dissolving pulp exports into China. The Company anticipates that the adverse impact of any dumping tariff will be limited to the short-term as trade patterns realign to effectively nullify any duty, and expects that global dissolving pulp prices should normalize over the long-term. The redesign of the FSC Mill allows the Company to focus production on the most profitable pulp markets in the interim. The Company is also in the process of expanding its dissolving pulp sales network outside of China in order to secure the best pricing for its dissolving pulp and further mitigate the impact of the duty imposed by MOFCOM.

### **About Fortress Paper**

Fortress Paper operates internationally in two distinct business segments: dissolving pulp and security paper products. The Company operates its dissolving pulp and NBHK pulp business at the Fortress Specialty Cellulose Mill located in Canada, which is also in the process of expanding into the renewable energy generation sector with the construction of a cogeneration facility. The Company is also seeking to expand its dissolving pulp capacity with the recent acquisition of Fortress Global Cellulose Mill located at Lebel-sur-Quévillon, Québec, which the Company is evaluating to convert into a dissolving pulp mill and re-start the 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, and at its high security production and research facility located in Canada, where it manufactures optically variable thin film material.

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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 its performance, business and future events, including statements regarding the final outcome of the MOFCOM investigation; the effect of the dumping duty on the Company's business; the ability to implement the swing mill strategy at the Fortress Specialty Cellulose Mill; and the results thereof. 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. 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: that the Company will be able to implement its swing mill strategy on time and as expected; that the swing mill will operate as an effective strategy to mitigate the effect of the dumping duty imposed by MOFCOM; and that the final results of the MOFCOM investigation will not differ materially from the preliminary results. Investors are cautioned that all forward-looking statements involve risks and uncertainties including, without limitation, risks that the swing mill strategy at the Fortress Specialty Cellulose Mill will not proceed as expected; that the Company will not be successful in reversing the MOFCOM decision or reducing the interim duty; that the Company will be unable to derive an economic benefit from the production of NBHK pulp compared to production of dissolving pulp; that MOFCOM may materially increase the final duty as compared to the interim duty; that market conditions for dissolving pulp will not continue to be favourable; 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 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.