

For Immediate Release



FORTRESS PAPER RECEIVES DEFERRAL ON INVESTISSEMENT QUÉBEC LOAN

VANCOUVER, British Columbia, March 31, 2014 – Fortress Paper Ltd. ("Fortress Paper" or the "Company") (TSX:FTP) announced today that it has been granted a deferral on its upcoming principal payment under its \$102.4 million project financing loan with Investissement Québec (the "IQ Loan") relating to its Fortress Specialty Cellulose Mill. The Company received, without penalty, a deferral of approximately \$4.3 million in principal repayment which was payable in the second quarter of 2014. This principal payment deferral is in addition to the previously disclosed deferral of approximately \$5.3 million in principal and interest payments which were payable during the first quarter of 2014 under the IQ Loan. The purpose of these deferrals is to provide the Company with greater financial flexibility and increased working capital.

Chadwick Wasilenkoff, Chief Executive Officer of Fortress Paper, commented: "The recent principal payment deferral enhances the financial flexibility of Fortress Paper and is reflective of our positive ongoing partnership with Investissement Québec (IQ) during this transitory period in the dissolving pulp industry. This interim measure is greatly appreciated while we continue to work towards a more meaningful and long-term structure that would further enhance the Company's financial flexibility." Mr. Wasilenkoff further added, "We feel current market conditions in dissolving pulp are not sustainable and not reflective of the medium to long-term growth in demand. We feel the flexibility provided by IQ together with the progress we have made in stabilizing our Security Papers division should provide Fortress Paper a firm base to build towards an improved outlook for 2014. In addition, we will continue to explore and evaluate various opportunities to further enhance shareholder value in the short and medium-term."

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 is also evaluating expanding its dissolving pulp capacity by converting the Fortress Global Cellulose Mill located at Lebel-sur-Quévillon, Québec into a dissolving pulp mill and re-starting 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 the market conditions for dissolving pulp, security papers and our other products, our perceptions of the industry or markets in which we operate and anticipated trends in such markets and in the countries in which we do business. 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 we will be able to effectively market our products; that current depressed dissolving pulp prices are indicative of unusual market conditions and are not sustainable in the long-term; that the duty imposed by China's Ministry of Commerce, if unchanged, may result in the supply of dissolving pulp decreasing significantly with a corresponding price increase in the short to medium-term; that the adverse impact of any dumping tariff will be limited to the short-term; and that our Security Papers business will continue operating on a consistent and regular basis in order to produce and deliver on its banknote orders. Investors are cautioned that all forward-looking statements involve risks and uncertainties including, without limitation, that market conditions for dissolving pulp and NBHK pulp will remain unfavourable, that the interim duty imposed by China's Ministry of Commerce may increase, that the Fortress Specialty Cellulose Mill cost structure will not improve and that there will be unforeseen technical issues at the Fortress Specialty Cellulose Mill. 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.