

**For Immediate Release**



**FORTRESS PAPER ANNOUNCES SALE AND  
LEASEBACK TRANSACTION AT LANDQART MILL**

VANCOUVER, British Columbia, June 6, 2016 – Fortress Paper Ltd. ("**Fortress Paper**" or the "**Company**") (TSX:FTP) is pleased to announce that its wholly-owned subsidiary Landqart AG ("**Landqart**") has entered into a purchase agreement (the "**Purchase Agreement**") with GAM Investment Management (Switzerland) AG on behalf of Procimmo Swiss Commercial Fund II (the "**Purchaser**") for the sale of its lands and buildings related to its security paper business located in Landquart, Switzerland, for the aggregate purchase price of CHF 44,500,000 (approximately CDN\$59 million), subject to customary conveyancing adjustments. The closing of the Purchase Agreement is subject to certain customary conditions for transactions of this nature including the Purchaser obtaining financing. Landqart has received a deposit for the purchase price in the amount of CHF 500,000 (approximately CDN\$660,000), which Landqart may retain if the Purchaser's financing condition is not satisfied.

The Purchaser is one of the five investment funds of Procimmo SA ("**Procimmo**"), an asset manager of collective real estate investment projects totaling approximately CHF 1.7 billion with its head offices located in Switzerland. Each of Procimmo's five investment funds is approved by the Financial Market Supervisory Authority, the Swiss regulatory body responsible for financial regulation in that country. The Purchaser, an open-end fund available exclusively to qualified investors, invests primarily in commercial buildings, industrial and artisanal buildings and office space outside of city centres.

The Purchase Agreement provides that upon closing, substantially all of the lands and buildings that are the subject of the Purchase Agreement will be leased back to Landqart pursuant to a 20-year triple-net lease, to ensure the ongoing operation of its security paper business. The lease is renewable for an additional two 10-year periods on the same terms and conditions as the primary lease with Landqart having certain repurchase rights.

The completion of the transaction is expected to occur prior to July 21, 2016. Net proceeds are expected to be used to repay the Company's convertible debentures and for general corporate purposes.

Yvon Pelletier, President and Chief Executive Officer of Fortress Paper, commented: "The sale and leaseback of the land and buildings located at the Landqart Mill represents an excellent opportunity for Fortress Paper to enhance its balance sheet and improve its financial flexibility. We remain excited about the future prospects of the Landqart Mill as we continue to focus on improving operations and expanding market share for our promising new Durasafe substrate."

"This is an important milestone for the Company," stated Chadwick Wasilenkoff, Executive Chairman of Fortress Paper. "The sale and leaseback transaction represents the culmination of a legacy project that is consistent with the Company's strategy of unlocking intrinsic value. With renewed financial flexibility, the Company will be able to pursue additional value creating alternatives, including implementing high return capital projects and expanding our portfolio of growth companies."

JLL (Switzerland) acted as advisor to Fortress Paper in connection with the transaction.

**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 statements relating to the timing and expected completion of the Purchase Agreement with the Purchaser and expected use of proceeds derived therefrom. Assumptions underlying the Company's expectations regarding forward-looking information contained in this news release include, among others, that the Purchaser and Landqart will be able to satisfy the closing conditions of the Purchase Agreement and all related lease arrangements. 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 the Purchaser will not obtain financing within the timeframe specified in the Purchase Agreement or at all, that other conditions to closing the sale and leaseback transaction will not be satisfied and that Landqart will be unable to complete such transaction; the Company will be required to alter its use of proceeds depending on business and market conditions at the time of closing, 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.