

For Immediate Release



FORTRESS PAPER ANNOUNCES AMENDMENT TO INVESTISSEMENT QUÉBEC WARRANTS

VANCOUVER, British Columbia, December 12, 2016 – Fortress Paper Ltd. ("**Fortress Paper**" or the "**Company**") (TSX:FTP) announced today that it has reached an agreement with Investissement Québec ("**IQ**"), acting on behalf of the Government of Québec, to amend certain terms of the warrants to purchase up to 1,000,000 common shares of the Company at an exercise price of \$5.00 per common share issued to IQ on December 2, 2014 (the "**Warrants**").

The Warrants were amended to include a cashless exercise feature which allows IQ to acquire the lesser of: (i) 125,000 common shares; and (ii) such number of common shares as determined by dividing the aggregate excess of the fair market value of the common shares subject to the Warrants over the aggregate exercise price of the Warrants by the current market price of the common shares of the Company (as determined in accordance with the Toronto Stock Exchange Company Manual.

The amendment did not affect IQ's right to exercise the Warrants by paying the \$5.00 per share exercise price.

Subsequent to the warrant amendment, IQ fully exercised the Warrants and elected the cashless exercise option which will result in the issuance of 125,000 common shares of the Company.

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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