

For Immediate Release



FORTRESS PAPER ANNOUNCES \$40,000,000 CREDIT AGREEMENT

VANCOUVER, British Columbia, January 20, 2017 – Fortress Paper Ltd. ("**Fortress Paper**" or the "**Company**") (TSX:FTP) is pleased to announce that its wholly owned subsidiary, Fortress Bioenergy Ltd. ("**FBEL**"), as borrower, has entered into a credit agreement with IAM Infrastructure Private Debt Fund LP ("**IAM**"), as lender, in relation to a \$40 million secured loan (the "**IAM Loan**") which matures 14 years from the date of advance, and is repayable in monthly payments of principal and interest over the term. The IAM Loan will accrue interest at a rate of 6% per annum plus an account maintenance fee of 0.5% per annum and is expected to be advanced in full in ten business days subject to certain customary conditions. FBEL is the owner and operator of the electricity cogeneration facility located at the Fortress Specialty Cellulose Inc. ("**FSC**") mill in Thurso, Québec. The IAM Loan is secured against all of the assets of FBEL. The IAM Loan is also guaranteed by the Company's wholly owned subsidiary, FSC, and Fortress Paper.

Investissement Québec ("**IQ**"), acting on behalf of the government of Québec, has agreed to subordinate its security rights in relation to its outstanding loan with FBEL and FSC in favour of the IAM Loan. In consideration of such subordination, the Company has agreed with IQ to match the interest rate payable on \$40 million principal amount of the outstanding IQ loan to that payable pursuant to the IAM Loan. All principal payments on the IQ loan made by the Company will be applied firstly to the higher interest bearing principal amount outstanding.

The Company intends to use the proceeds of the IAM Loan to repay convertible debentures issued by Fortress Paper and for general corporate purposes.

Yvon Pelletier, the Company's Chief Executive Officer commented, "We are pleased to announce the addition of the IAM Loan as part of our long-term capital structure. Securing the \$40 million loan provides us with greater financial flexibility to manage our outstanding indebtedness and thereby support our long-term growth strategy."

Philip Robson, President of IAM's Private Debt Group commented, "We are excited to support another operational bio-energy project in the Province of Quebec. Fortress Paper continues to invest in its Thurso, Québec facilities and we are pleased to be part of the financing team."

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.

About Integrated Asset Management (TSX: IAM)

IAM is one of Canada's leading alternative asset management companies with approximately \$2.6 billion in assets and committed capital under management in real estate and private debt.

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This news release contains certain forward-looking information that reflects 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: the expected advance date of the IAM Loan and the expected use of proceeds of the IAM Loan. Assumptions underlying the Company's expectations regarding forward-looking information contained in this news release include, among others, that all conditions will be satisfied or waived in order to obtain the advance by the expected date. 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 IAM Loan will not be completed in the expected timeframe, risks relating to changes in the market 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.