



FORTRESS PAPER REPORTS THIRD QUARTER 2017 RESULTS

Vancouver, British Columbia, November 9, 2017

Third Quarter 2017 Consolidated Results

Fortress Paper Ltd. ("Fortress Paper" or the "Company") (TSX:FTP) (OTCQX:FTPLF) reported 2017 third quarter operating EBITDA of \$0.2 million, a decrease of \$7.4 million relative to the comparative prior year period and a decrease of \$4.1 million over the previous quarter. The Security Paper Products Segment generated operating EBITDA of \$1.8 million, the Dissolving Pulp Segment generated operating EBITDA loss of \$0.5 million, and corporate costs were \$1.1 million in the third quarter of 2017.

Third Quarter 2017 Results by Segment

The Dissolving Pulp Segment generated operating EBITDA loss of \$0.5 million for the quarter ended September 30, 2017, representing a decrease of \$4.0 million compared to the second quarter of 2017 and a decrease of \$12.4 million compared to the prior year comparative period. An operating cost adjustment of \$2.6 million representing labor and associated overhead incurred during the previously reported auxiliary system failure and consequent 11 days of lost production in September have been adjusted out of operating EBITDA. This amount does not represent the totality of the insurance claim.

The results of the third quarter of 2017 were also negatively impacted by approximately 5% lower realized sales prices, a stronger Canadian dollar relative to the US dollar and higher costs associated with the previously mentioned evaporation bottleneck which is scheduled to be permanently remediated during the fourth quarter annual planned shutdown. In addition to the foregoing, a two day planned shutdown also impacted results. A total of 28,870 air dried metric tonnes ("ADMT") of dissolving pulp were produced in the third quarter of 2017. During the quarter ended September 30, 2017, the Fortress Specialty Cellulose ("FSC") mill sold 32,048 ADMT of dissolving pulp compared to 34,672 ADMT and 40,992 ADMT in the previous quarter and prior year comparative period, respectively.

Dissolving pulp pricing was strong through the early part of 2017, reaching a high of US \$960 per ADMT before reducing in June 2017 due primarily to a temporary build up in viscose staple fibre ("VSF") and yarn inventory levels, a drop in cotton linter prices and an increase in exports to China from an Indonesian pulp producer. However, dissolving pulp prices have gradually increased to the current price of approximately US \$930 per ADMT.

The Security Paper Products Segment results were slightly better than expected and generated operating EBITDA of \$1.8 million for the third quarter of 2017, a decrease of \$1.0 million when compared to the second quarter of 2017, and a \$3.6 million increase when compared to results in

the third quarter of 2016. Results for the third quarter of 2017 were primarily impacted by a decrease in shipments due to timing and product mix compared to the previous quarter. Relative to the prior year comparative period, the third quarter of 2017 saw improved production efficiencies, product mix and waste rates. The build-out and installation of the second finishing machine has been completed and is operational. The additional finishing machine is expected to debottleneck the mill and provide more production flexibility. The Landqart mill sold 1,911 tonnes of security paper in the third quarter of 2017, compared to 3,139 and 2,431 tonnes of security paper in the second quarter of 2017 and third quarter of 2016, respectively. Security paper production includes banknotes and passports, which result in varying degrees of costs and margins depending on the complexity of the security features included.

Corporate and Cash

Corporate expenses in the third quarter decreased by \$0.9 million compared to the previous quarter to \$1.1 million. Cash and restricted cash was \$46.7 million at the end of the third quarter of 2017, down from \$58.5 million at the end of the previous quarter. Cash was primarily used in investing activities at both mills and was impacted by the auxiliary system failure at Thurso.

The Company repurchased 49,800 common shares in the third quarter pursuant to the Normal Course Issuer Bid for \$0.3 million at an average price of \$5.23 per share.

Outlook

In the fourth quarter, management expects that there will be further adjustments to EBITDA related to the production ramp up subsequent to the FSC mill restart after the auxiliary failure and related insurance recovery accrual. After the adjustment, EBITDA at Thurso is expected to slightly improve compared to the third quarter despite the planned annual shutdown in November. Assuming non-replacement of the previously announced order cancellation at Landqart, operating results will be lower as compared to the third quarter. Management is still working on multiple avenues to replace this lost order, though there can be no assurance how much, if any, of this order can be replaced in the short term.

For a summary of significant developments please refer to the Management's Discussion and Analysis for the three and nine month period ended September 30, 2017 (available on SEDAR at www.sedar.com).

Selected Financial Information

The selected financial information presented herein is qualified in its entirety by, and should be read in conjunction with, the Company's unaudited condensed consolidated financial statements as at and for the three and nine month period ended September 30, 2017 and the related notes thereto and Management's Discussion and Analysis, which are available on SEDAR.

Reference is made in this news release to operating EBITDA (defined as net income before interest, income taxes, depreciation, amortization, non-operating income and expenses and stock-based compensation), which the Company considers to be an indicative measure of operating performance and a metric to evaluate profitability. Operating EBITDA is not a generally accepted earnings measure and should not be considered as an alternative to net loss or cash flows as determined in accordance with IFRS. As there is no standardized method of

calculating this measure, the Company's operating EBITDA may not be directly comparable with similarly titled measures used by other companies. Reconciliation of operating EBITDA to net loss reported in accordance with IFRS is included below.

Selected Financial Information and Statistics

(thousands of dollars, except shipments, unaudited)	Q3 2017	Q2 2017	Q3 2016
Sales	65,066	86,599	82,148
Operating EBITDA ⁽¹⁾	202	4,289	7,628
Net (loss) income	(14,319)	(2,087)	20,301
Adjusted net loss	(15,053)	(8,193)	(3,847)
Paper shipments (tonnes)	1,911	3,139	2,431
Pulp shipments (ADMT)	32,048	34,672	40,992

(1) See Net Loss to Operating EBITDA Reconciliation.

A conference call to discuss the financial results for the third quarter 2017 will be held on November 10, 2017 at 6:00 a.m. (PST). To participate in the conference call, please dial one of the following numbers:

604-681-8564 Vancouver
 403-532-5601 Calgary or International
 780-429-5820 Edmonton
 416-623-0333 Toronto
 613-212-0171 Ottawa
 514-687-4017 Montreal

Toll Free Dial in Number: 1-855-353-9183 from Canada and USA

Participant pass code: 15086#

Conference Reference Number: 1224428#

A replay of the conference call will be available for 30 days. To access the replay, listeners may dial 1-855-201-2300 from North America or 403-255-0697 International. The conference reference number is 1224428# and the participant pass code to access the replay is 15086#.

A presentation to complement our third quarter earnings conference call is available under the "Investor Relations" section at www.fortresspaper.com or by sending a request to info@fortresspaper.com.

Financial Reconciliations

Net Loss to Operating EBITDA Reconciliation:

(thousands of dollars, unaudited)	Q3 2017	Q2 2017	Q3 2016
Net (loss) Income	(14,319)	(2,087)	20,301
Income tax recovery	(4)	(17)	-
Foreign exchange (gain) loss	(757)	(3,907)	474
Net finance expense	4,051	4,064	3,918
Amortization	8,685	8,586	7,522
Loss (gain) on property, plant and equipment	23	(8)	(24,622)
Gain on financial instruments	(348)	(427)	(32)
Stock-based compensation	280	276	67
Auxiliary system failure	2,591	-	-
Reversal of legal provision	-	(2,731)	-
Non-recurring salary adjustment	-	540	-
Operating EBITDA	202	4,289	7,628

The Company

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.

For further information please contact:

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Fortress Paper Ltd.
604-904-2328 (info@fortresspaper.com)

Forward-Looking Information

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 forward-looking information is not a guarantee of future performance and involves 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, which is qualified entirely by this cautionary statement. Examples of such forward-looking information contained in this news release include statements relating to: the growth and future prospects of the Company's business; market conditions for dissolving pulp, VSF, security papers and the Company's other products; expectations relating to repairs and other expenditures as well as the impact of the recent order cancellation at the Landqart mill; and the impact of certain projects, cost reductions, equipment upgrades and production improvement initiatives. Assumptions underlying the Company's expectations regarding

forward-looking information contained in this news release include, among others: that the Company will be able to effectively market its products; the ability of the Company to realize significant cost-savings from production improvements, projects and cost reduction initiatives; that equipment will operate at expected levels; that anticipated equipment repairs will be successfully completed as anticipated; that labour relations will remain positive; and that the Company's assumptions relating to VSF, dissolving pulp and other markets will be materially accurate. Persons reading this news release are cautioned that forward-looking information represents predictions only, and that the Company's actual future results or performance are subject to certain risks and uncertainties including, without limitation: that market conditions for dissolving pulp will not improve or will worsen; the Company will not realize anticipated cost savings from its cost reduction initiatives; equipment will not operate as intended and anticipated repairs will not be completed within expected timeframes or additional issues relating to same will arise; and other risk factors detailed in the Company's most recent Annual Information Form and other filings with Canadian securities regulatory authorities. These risks, as well as others, could cause actual results and events to vary significantly. The Company does not undertake any obligation to update any forward-looking information, except as required by applicable securities law.