

**For Immediate Release**



## **FORTRESS AGREES TO SELL FORTRESS OPTICAL FEATURES**

VANCOUVER, British Columbia, August 26, 2014 – Fortress Paper Ltd. ("Fortress Paper" or the "Company") (**TSX:FTP**) is pleased to announce that it has, through a wholly-owned subsidiary, entered into a share and loan purchase agreement (the "Purchase Agreement") with Nanotech Security Corp. ("Nanotech") (TSX-V:NTS), as purchaser, for the sale of all of the shares of its wholly-owned subsidiary, Fortress Optical Features Ltd. ("FOF"), and shareholder loans, for an aggregate purchase price of up to \$17,500,000 (the "Purchase Price"), subject to a working capital adjustment and earn-out.

The Purchase Price is comprised of \$7,000,000 cash, a \$3,000,000 secured note, and 5,000,000 common shares of Nanotech at a deemed price of \$1.50 per share, 3,000,000 of which shares are to be held in escrow and released to the Company upon the achievement of certain business milestones by FOF and/or Nanotech over a five year period. The transaction is expected to close on or about September 10, 2014 and is subject to certain customary conditions, including Nanotech's required approval from the TSX Venture Exchange and receipt of requisite financing.

Pursuant to the terms of the Purchase Agreement, FOF will enter into an agreement to continue to supply optically variable thin film material ("OTM") to the Company's Landqart Mill.

Chadwick Wasilenkoff, Chief Executive Officer of Fortress Paper, commented: "The sale of FOF is in line with our strategic plan to focus on the dissolving pulp and security paper products segments, enhance liquidity, as well as unlocking shareholder value. Fortress originally acquired FOF to complement its business at Landqart. The ongoing supply of OTM to Landqart following the sale will preserve this relationship including established synergies, and provide access to volumes at favoured prices going forward. We would like to acknowledge the contributions made by the management of FOF over the years, and we look forward to continuing our business relations with them and Nanotech."

### **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 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. Upon closing of the Purchase Agreement, the Company will no longer manufacture 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 expected closing date of the Purchase Agreement. 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 all closing conditions in the Purchase Agreement will be satisfied or waived by the expected closing date. Investors are cautioned that all forward-looking statements involve risks and uncertainties including, without limitation, that the closing conditions related to the transaction will not be satisfied or waived, that required approvals will not be obtained in the anticipated timeframe or at all and that not all Nanotech common shares issued as part of the Purchase Price will be released from escrow. 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.