

For Immediate Release



FORTRESS ANNOUNCES LABOUR COST REDUCTION PLAN

VANCOUVER, British Columbia, June 2, 2014 – Fortress Paper Ltd. ("Fortress Paper" or the "Company") (**TSX:FTP**) announces today that it has approved an employee reduction plan that will result in a reduction of approximately 16% of the salaried staff in the Company's dissolving pulp segment, including senior management, middle management and clerical staff. The impact in cost savings is estimated at approximately \$2.2 million per annum. These layoffs resulted from a management directive to immediately reduce labour costs as part of a comprehensive cost reduction initiative undertaken in response to the challenging dissolving pulp market.

"Fortress Paper is facing extremely difficult market conditions for dissolving pulp and we firmly believe in the need to be proactive to control our future," stated Chadwick Wasilenkoff, Chief Executive Officer of Fortress Paper. "The reduction in labour costs announced today is anticipated to save the Company over \$2 million per year and is representative of management's efforts to improve the efficiency of the Company. While layoffs are unfortunate, they are a necessary and prudent measure in these difficult times."

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 is also evaluating expanding its dissolving pulp capacity by converting the Fortress Global Cellulose Mill located at Lebel-sur-Quévillon, Québec into a dissolving pulp mill and re-starting the 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, and at its high security production and research facility located in Canada, where it manufactures 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 market conditions for dissolving pulp and expected cost savings to be derived from the labour cost reduction plan. 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 there will be no unanticipated costs associated with the labour cost reduction plan. Investors are cautioned that all forward-looking statements involve risks and uncertainties including, without limitation, that the labour cost reduction plan will not result in the anticipated cost savings. 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.