

For Immediate Release



FORTRESS PAPER ANNOUNCES NEWLY CREATED EXECUTIVE CHAIRMAN POSITION AND APPOINTMENT OF NEW PRESIDENT AND CEO

Wasilenkoff to Focus on Building Shareholder Value and Strategic Initiatives

VANCOUVER, British Columbia, July 20, 2015 – Fortress Paper Ltd. ("Fortress Paper" or the "Company") (TSX: FTP) today announces the promotion of Yvon Pelletier from President of the Company's wholly-owned subsidiary Fortress Specialty Cellulose Inc. ("FSC") to President and Chief Executive Officer ("CEO") of Fortress Paper effective October 1, 2015 (the "Effective Date"). Chadwick Wasilenkoff, the Company's current President and CEO, will assume the newly created role of Executive Chairman of the board of directors (the "Board"). In this role, Mr. Wasilenkoff will work with Mr. Pelletier to facilitate the transition of leadership over the short to medium-term and to further create value for shareholders over the long-term. The promotion of Mr. Pelletier to President and CEO of the Company follows a robust, nearly year-long succession planning process. During the course of this process, Mr. Wasilenkoff and the Board recognized Mr. Pelletier's contributions to operational improvements at Fortress Paper and concluded that the Company and its shareholders would benefit by expanding his role at the Company, which will free Mr. Wasilenkoff to focus on strategic initiatives to unlock value for shareholders and to improve the balance sheet.

Mr. Wasilenkoff said, "I have had the opportunity to work closely with Yvon over the past two years. During that time, he has demonstrated his dedication, perseverance and operational skills as we faced a challenging market. As not only President and CEO, but also the largest shareholder of Fortress Paper, I am very pleased that someone with Yvon's knowledge and leadership will succeed me going forward. I am confident that the benefits of his efforts over the past two years will become increasingly clear in the next few quarters, and I believe that, now that the Company has turned the corner and has an improved outlook, the time is right to make this transition."

Joe Nemeth, the Company's Lead Director, commented, "Fortress Paper is fortunate to have two very talented executives, with Yvon's operational and leadership skills complementing the analytical, strategic and entrepreneurial capabilities of Chad. In his new role, Yvon will continue his focus on the dissolving pulp business, while also assuming greater responsibility to grow revenues and to improve margins across the Company. As Executive Chairman, Chad will be able to further concentrate his efforts on maximizing the value of the Company's assets, as he did with the sales of the Dresden mill and Fortress Optical Features, and on enhancing our balance sheet, similar to the restructuring of the Investment Quebec loan."

Mr. Pelletier said, "I am excited about and humbled by this opportunity before me. Despite the challenges we have faced, the entire team at Fortress Paper has remained committed and focused on generating value for its stakeholders. I look forward to continuing to work with this team to

realize the full operational and financial potential at Fortress Paper, and I appreciate the trust that Chad and the rest of the Board have in our management group to achieve this goal."

Mr. Pelletier, who joined Fortress Paper as President of FSC in February, 2013, has over 30 years of experience in the pulp and paper industry and has held leadership roles in technical, operational, and commercial areas. Prior to joining Fortress Paper, Mr. Pelletier was the Executive Vice President of Tembec Inc. ("Tembec"), a leading international manufacturer of forest products, and President of its Specialty Cellulose and Chemical Group. As a senior executive at Tembec, Mr. Pelletier acted as General Manager of various dissolving pulp and kraft pulp operations and served as Senior Vice President of the company's Kraft Pulp Division, overseeing three mills in Canada and two in France.

As part of its succession planning process, the Board has defined clear mandates for the roles of Executive Chairman and of President and CEO of the Company. As Executive Chairman, Mr. Wasilenkoff will be charged with pursuing strategic initiatives to increase shareholder value and to strengthen the Company's balance sheet, and, as President and CEO, Mr. Pelletier will have overall operational oversight for the Company.

In connection with Mr. Wasilenkoff's transition to the role of Executive Chairman, the Company and Mr. Wasilenkoff have terminated his existing employment agreement and entered into a transition agreement that will defer 80% of the \$5 million amount that would otherwise have been due to Mr. Wasilenkoff upon a change in title, per his employment agreement. Pursuant to the transition agreement, Mr. Wasilenkoff will receive payment in three tranches: (i) \$1 million on the Effective Date; (ii) \$1 million on the first anniversary of the Effective Date; and (iii) the balance of \$3 million after the first anniversary of the Effective Date and on the earlier of (a) the Company achieving reported cumulated earnings before interest tax depreciation and amortization ("EBITDA") of \$20 million in any four consecutive fiscal quarters; and (b) the fifth anniversary of the Effective Date, subject to reduction over four years in the event that Mr. Wasilenkoff is terminated for cause and subject to acceleration (immediate payment) upon termination without cause, death or disability. Unless the Company achieves the specified EBITDA threshold, the deferred payment schedule provides that 60% of the amount owing to Mr. Wasilenkoff is due to be paid after the Company's 7.0% convertible unsecured subordinated debentures in the principal amount of \$69 million become due on December 31, 2019. No interest will accrue on the deferred amounts paid. However, in certain circumstances, the payment obligations may be accelerated upon a change of control of the Company.

As part of the transition, Mr. Wasilenkoff has agreed to commit the majority of his working time to fulfilling his responsibilities to the Company. In recognition of his reduced duties and time commitment, Mr. Wasilenkoff and the Company have agreed to a reduction in his annual compensation of approximately 15% for the first year commencing on the Effective Date and approximately 53% per annum thereafter, subject to adjustment from time to time.

The Company has also amended its employment agreement with Mr. Pelletier to reflect his new role with the Company and an increase in compensation commensurate with his increased responsibilities. However, overall the Company expects to realize savings over the medium to long-term compared to its current compensation arrangements.

All senior members of the management team will be available to discuss the management transition during the upcoming scheduled quarterly earnings conference call to be held on August 11, 2015 at 9am (PST). A copy of the transition agreement will be available in due course under the Company's profile on SEDAR at www.sedar.com.

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 northern bleached hardwood kraft 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.

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This press release contains certain forward-looking information that reflects the current views and/or expectations of Fortress Paper with respect to: expected benefits of the transition; and timing of the transition. The reader is cautioned that statements constituting 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. Forward-looking information is based on the then-current expectations, beliefs, assumptions, estimates and forecasts about the business and the industry and markets in which the Company operates. Assumptions underlying the Company's expectations regarding forward-looking information contained in this news release include, among others: that the expected benefits of the transition will materialize; and that the transition will occur as and when expected. Investors are cautioned that all forward-looking information involves risks and uncertainties including, without limitation, that: the expected benefits of the transition may fail to materialize; that the transition may not occur as or when expected; and other risk factors detailed in our Annual Information Form dated March 31, 2015, available on SEDAR at www.sedar.com and other filings with the Canadian securities regulatory authorities. 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. Financial forecasts are not indicators of future financial performance and there is no assurance that the Company's assumptions in support of such forecasts are correct or complete. 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.