



**FORTRESS PAPER ANNOUNCES FIRST QUARTER 2015 RESULTS**

**Vancouver, British Columbia, May 7, 2015** – Fortress Paper Ltd. (“Fortress Paper” or the “Company”) reported 2015 first quarter EBITDA loss of \$2.5 million. The Dissolving Pulp Segment generated EBITDA loss of \$3.3 million and the Security Paper Products Segment generated EBITDA of \$2.3 million. Corporate costs contributed \$1.5 million to EBITDA loss.

EBITDA loss of \$3.3 million for the Dissolving Pulp Segment for the quarter ended March 31, 2015 was an improvement of \$0.4 million when compared to the fourth quarter of 2014 EBITDA loss of \$3.7 million, which was primarily impacted by the eight day annual maintenance shutdown in October 2014. The operational challenges in the chemical preparation area and limited capacity of the turbine experienced during the fourth quarter of 2014 continued to impact the results of the first quarter of 2015. The results were partially offset by favorable exchange rates on sales which are primarily denominated in US dollars. EBITDA results for the first quarter of 2015 improved by \$11.9 million compared to the first quarter of 2014. The results of the first quarter of 2014 reflected the ten week market downtime taken at the FSC mill. The Company sold 38,957 air dried metric tonnes (“ADMT”) of dissolving pulp in the first quarter of 2015 compared to 40,966 ADMT of dissolving pulp and 6,009 ADMT of northern bleached hardwood kraft pulp (“NBHK”) in the fourth quarter of 2014. In addition to challenging market conditions, the Dissolving Pulp Segment continues to be affected by the antidumping duty imposed by China’s Ministry of Commerce (“MOFCOM”) in April 2014.

The Landqart mill continues to implement new initiatives to improve efficiencies and profitability. EBITDA of \$2.3 million for the Security Paper Products Segment for the quarter ended March 31, 2015 was \$0.9 million lower when compared to the fourth quarter of 2014, and \$0.9 million lower when compared to results in the first quarter of 2014. The Landqart mill sold 2,715 tonnes of security paper in the first quarter of 2015, compared to 2,270 tonnes of security paper in the fourth quarter of 2014. A less favourable product mix and a significant strengthening of the Swiss franc against the euro negatively impacted the results relative to the prior comparative period. The Landqart mill is exposed to foreign currency exchange fluctuations, as a material amount of its sales are denominated in euros and its major costs, excluding raw materials, are denominated in Swiss francs. In response to the significant appreciation of the Swiss franc against the euro, management commenced a foreign exchange counter measure program (“FECM”), to mitigate the negative financial impact in the short and mid-term.

For a summary of significant developments please refer to the Management’s Discussion and Analysis for the three month period ended March 31, 2015 (available on SEDAR at [www.sedar.com](http://www.sedar.com)).

**A presentation to complement our first quarter earnings conference call is available under the “Investor Relations” section at [www.fortresspaper.com](http://www.fortresspaper.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 condensed consolidated financial statements as at and for the three month period ended March 31, 2015 and the related notes thereto and Management's Discussion and Analysis, which are available on SEDAR.

Reference is made in this news release to 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. Reference is also made to adjusted net loss (calculated as net loss less specific items affecting comparability with prior periods) and adjusted net loss per share (calculated as adjusted net loss divided by the weighted average number of shares outstanding in the period). EBITDA, adjusted net loss and adjusted net loss per share are not generally accepted earnings measures 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 these measures, the Company's EBITDA, adjusted net loss and adjusted net loss per share may not be directly comparable with similarly titled measures used by other companies. Reconciliations of EBITDA and adjusted net loss to net loss reported in accordance with IFRS are included below.

(thousands of dollars, except shipments, unaudited)	Q1 2015	Q4 2014	Q1 2014
Sales	73,851	74,449	53,856
EBITDA loss <sup>(1)</sup>	(2,535)	(1,396)	(13,626)
Net loss <sup>(1)</sup>	(17,959)	(13,244)	(23,421)
Adjusted net loss <sup>(2)</sup>	(15,822)	(11,915)	(25,858)
Paper shipments (tonnes)	2,715	2,270	2,583
Pulp shipments (ADMT)	38,957	46,975	20,259

<sup>(1)</sup> See Net Loss to EBITDA Reconciliation.

<sup>(2)</sup> See Net Loss to Adjusted Net Loss Reconciliation.

### Net Loss to Adjusted Net Loss Reconciliation:

(thousands of dollars, except per share amounts, unaudited)	Q1 2015	Q4 2014	Q1 2014
Net loss	(17,959)	(13,244)	(23,421)
Foreign exchange loss (gain)	1,615	829	(1,562)
Gain on sale of property, plant and equipment	-	-	(875)
Legal provision	-	500	-
Prior period sales price adjustment	522	-	-
Adjusted net loss	(15,822)	(11,915)	(25,858)
Basic and diluted net loss per share	(1.22)	(\$0.90)	(1.61)
Adjusted net loss per share, basic and diluted	(1.08)	(\$0.81)	(1.77)

## Net Loss to EBITDA Reconciliation:

(thousands of dollars, unaudited)	Q1 2015	Q4 2014	Q1 2014
Net loss	(17,959)	(13,244)	(23,421)
Income tax expense (recovery)	11	(3,908)	(14)
Foreign exchange loss (gain)	1,615	829	(1,562)
Net finance expense	5,028	2,392	5,683
Gain on extinguishment of debt	-	(2,577)	-
Amortization of deferred borrowing costs	-	6,341	-
Amortization	7,406	7,259	6,325
Loss on business disposal	-	70	-
Gain on sale of property, plant and equipment	-	-	(875)
Change in fair value of marketable securities	601	732	-
Legal provision	-	500	-
Prior period sales price adjustment	522	-	-
Stock based compensation	241	210	238
EBITDA loss	(2,535)	(1,396)	(13,626)

## 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 FSC 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.

## Conference Call

A conference call to discuss the financial results for the first quarter 2015 will be held on May 8, 2015 at 6:30 a.m. (PDT). To participate in the conference call, please dial one of the following numbers:

North America: 1-855-353-9183  
Vancouver: 604-681-8564  
Calgary and international: 403-532-5601  
Edmonton: 780-429-5820  
Toronto: 416-623-0333  
Ottawa: 613-212-0171  
Montreal: 514-687-4017

Participant pass code: 15086#

Conference Reference Number: 1177630#

A replay of the conference call will be available until midnight, June 8, 2015. To access the replay, listeners may dial 1-855-201-2300 from Canada or the USA or dial 403-255-0697 from local Calgary or International. The conference reference number is 1177630# and the participant pass code to access the replay is 15086#.

For further information please contact:

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