For Immediate Release

FORTRESS PAPER ANNOUNCES FIRST QUARTER 2017 RESULTS

Vancouver, British Columbia, May 11, 2017 – Fortress Paper Ltd. (“Fortress Paper” or the “Company”) reported 2017 first quarter operating EBITDA of $7.5 million, an increase of $6.4 million relative to the comparative prior year period and an increase of $1.1 million over the previous quarter. The Dissolving Pulp Segment generated operating EBITDA of $8.3 million and the Security Paper Products Segment generated operating EBITDA of $1.5 million. Corporate costs included in operating EBITDA were $2.3 million.

Yvon Pelletier, Chief Executive Officer, commented: “Management is pleased to report one of the best consolidated quarterly operating EBITDA results since the restart of our Fortress Specialty Cellulose mill as a dissolving pulp mill. We are particularly pleased to have been able to achieve this result during one of our seasonally slower winter quarters. Contributing to this positive result were stabilized results in our Security Paper Products Segment as well as increased uptime and improved production at our dissolving pulp operation. Management continues to have a positive outlook for the 2017 fiscal year with material improvement in consolidated operating EBITDA.”

First Quarter 2017 Results by Segment

Dissolving Pulp Segment operating EBITDA was $8.3 million for the first quarter of 2017, representing an increase of $7.0 million over the prior year comparative period and an increase of $1.6 million when compared to the fourth quarter of 2016. The results of the first quarter of 2017 were positively impacted by improvements in production rates and quality, particularly during the normally slower winter season, as well as better pricing relative to the prior year comparative period. Improved operations, increased uptime and the resolution of a technical issue also positively impacted power generation and cogeneration revenue. Production rates per operating day in the quarter improved by 4.3% relative to the prior year comparative period and 7.6% compared to the previous quarter. The Fortress Specialty Cellulose mill (“FSC”) produced 37,102 air dried metric tonnes (“ADMT”) of dissolving pulp in the first quarter of 2017, significantly higher than both comparative periods as both comparative periods were impacted by shut down.

The Company sold 37,833 ADMT of dissolving pulp in the first quarter of 2017, an increase of 19.1% and 22.2% from the previous year comparative period and the previous quarter, respectively. Costs per ADMT in the quarter were $945 which, although above medium and long term goals, compare favorably to costs of $1,033 per ADMT in the prior year comparative period primarily due to improved uptime. Ongoing initiatives to reduce operational costs are focused primarily in the following areas: productivity improvement, reducing fuel consumption, increasing power generation, and chemical cost optimization. Separately, the fifth digester project is scheduled to be completed in the first quarter of 2018.
Security Paper Products Segment operating EBITDA was $1.5 million for the first quarter of 2017, representing a decrease of $0.3 million compared to the prior year comparative period and a decrease of $0.1 million compared to the fourth quarter of 2016. Quarterly rent of approximately $0.9 million has been incurred since the sale and leaseback of the land and buildings transaction closed in July 2016. Adjusting for rent, the first quarter of 2017 compares favourably to the prior year comparative quarter. The Landqart mill continues to implement new initiatives to improve efficiencies and profitability. The build-out and installation of the second finishing machine, scheduled to be operational in the third quarter of 2017, is expected to de-bottle-neck the mill and provide more production flexibility. The Landqart mill sold 2,836 tonnes of security paper in the first quarter of 2017, compared to 2,474 tonnes in the fourth quarter of 2016 and 2,655 in the prior year comparative period. Results in the first quarter of 2017 were impacted primarily by product mix.

**Management’s Outlook**

**Dissolving Pulp Segment**

Despite some seasonal weakness, dissolving pulp and viscose staple fibre (“VSF”) prices have increased by US$20 per tonne and US$334 per tonne, respectively, when compared to this time last year. Management continues to believe that demand is positive and growing, and expects full year 2017 pricing to compare favorably to full year 2016 pricing. Assuming stable pricing and exchange rates, operating results for the Dissolving Pulp Segment are anticipated to be materially higher in the second quarter relative to the prior year comparative period.

Management continues to focus on positioning the FSC mill further down the global cost curve. The Lean Six Sigma program, implemented at the mill, is expected to continue to drive production costs down with a number of active projects showing positive signals.

**Security Paper Products Segment**

The Landqart mill continues to build on a strong order book for 2017 and 2018 comprised of a mix of new and repeat orders including for Durasafe®. Operating EBITDA at the Landqart mill for the quarter ended March 31, 2017 was comparable to the fourth quarter of 2016, which is in line with management expectations. Operating EBITDA in the second quarter is expected to be similar when compared to the first quarter with improved results anticipated in the second half of the year, assuming expectations relating to improved product mix and cost reduction initiatives.

Based on multiple Durasafe® trials being conducted at various stages, management continues to anticipate additional orders in the near, medium and long term.

**Corporate and Cash**

Corporate expenses in the fourth quarter increased by $0.4 million compared to the previous quarter to $2.3 million. In the short term, corporate quarterly expenses are expected to be modestly lower.
Cash and restricted cash ended the first quarter at $57.8 million, up from $37.1 million at the 2016 fiscal year end. Management anticipates that the cash balance, excluding any potential new growth initiatives, will continue to build in 2017 both from operations as well as assuming the positive outcome of pursuing opportunities to reduce working capital.

Management remains pleased with this increased liquidity profile and believes that cash on hand and anticipated cash generated from operations and other initiatives will be sufficient to meet all debt obligations and to contribute to future business growth initiatives.

For a summary of significant developments please refer to the Management’s Discussion and Analysis for the three month period ended March 31, 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 month period ended March 31, 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

<table>
<thead>
<tr>
<th></th>
<th>Q1 2017</th>
<th>Q4 2016</th>
<th>Q1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>92,460</td>
<td>80,863</td>
<td>80,012</td>
</tr>
<tr>
<td>Operating EBITDA(1)</td>
<td>7,489</td>
<td>6,352</td>
<td>1,055</td>
</tr>
<tr>
<td>Net loss</td>
<td>(2,745)</td>
<td>(7,274)</td>
<td>(13,041)</td>
</tr>
<tr>
<td>Adjusted net loss</td>
<td>(2,999)</td>
<td>(6,980)</td>
<td>(12,189)</td>
</tr>
<tr>
<td>Paper shipments (tonnes)</td>
<td>2,836</td>
<td>2,474</td>
<td>2,655</td>
</tr>
<tr>
<td>Pulp shipments (ADMT)</td>
<td>37,833</td>
<td>30,962</td>
<td>31,762</td>
</tr>
</tbody>
</table>

(1) See Net Loss to Operating EBITDA Reconciliation.

A conference call to discuss the financial results for the first quarter 2017 will be held on May 12, 2017 at 9:30 a.m. (PDT). 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: 1216477#

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 1216477# and the participant pass code to access the replay is 15086#.

A presentation to complement our first 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:

<table>
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<tr>
<td>Net loss</td>
<td>(2,745)</td>
<td>(7,274)</td>
<td>(13,041)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>21</td>
<td>(44)</td>
<td>5</td>
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<tr>
<td>Foreign exchange (gain) loss</td>
<td>(254)</td>
<td>294</td>
<td>852</td>
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<tr>
<td>Net finance expense</td>
<td>1,846</td>
<td>4,706</td>
<td>5,179</td>
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<tr>
<td>Amortization</td>
<td>8,522</td>
<td>8,518</td>
<td>7,882</td>
</tr>
<tr>
<td>(Gain) loss on financial instruments</td>
<td>(26)</td>
<td>78</td>
<td>137</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>125</td>
<td>74</td>
<td>41</td>
</tr>
<tr>
<td>Operating EBITDA</td>
<td>7,489</td>
<td>6,352</td>
<td>1,055</td>
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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
For further information please contact:

Mr. Yvon Pelletier, Chief Executive Officer
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, viscose staple fibre, security papers and the Company’s other products; and the benefits that may accrue to the Company as the result of certain dispositions and 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 and cost reduction initiatives; that equipment will operate at expected levels; that labour relations will remain positive; and that the Company’s assumptions relating to viscose staple fibre, dissolving pulp and other markets will be 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 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.