

For Immediate Release



FORTRESS PAPER ANNOUNCES HEMICELLULOSE SEPARATION PROJECT AT ITS DISSOLVING PULP MILL

VANCOUVER, British Columbia, November 29, 2016 – Fortress Paper Ltd. ("**Fortress Paper**" or the "**Company**") (TSX:FTP) is pleased to announce a strategic supplement to the already announced birch usage project (the "**Birch Project**") at the Fortress Specialty Cellulose Mill aimed at extracting hemicellulose from underutilized species such as birch (the "**Hemicellulose Project**").

The Hemicellulose Project will allow the Company to advance its research and development in hemicellulose derivative products. Hemicellulose is a cellulosic sugar, which when extracted and processed, has high value-added by-product potential such as for biofuel and biomaterial feedstock. The Company anticipates that its development in hemicellulose products will provide it with an opportunity to enter the growing renewable raw materials market.

As part of the Hemicellulose Project, the Company plans to install a new accumulator at the Fortress Specialty Cellulose Mill which will allow for the collection of hydrolysate. By separating the hydrolysate from the liquor stream it can be further processed to produce a number of bio-products, including xylose and furfural. Currently, the hydrolysate is neutralized and mixed with weak black liquor, sent to the evaporators and then fired in the recovery boilers. If the hydrolysate is removed from the liquor cycle and processed separately it will offload the evaporators and recovery boilers. It is expected that by offloading the evaporators and recovery boilers the Fortress Specialty Cellulose Mill will be able to utilize more of its incremental digester capacity.

The Birch Project and Hemicellulose Project are expected to cost approximately \$23.4 million in aggregate, of which \$3.65 million is in respect of the Hemicellulose Project.

The Ministry of Forests, Wildlife, and Parks of Québec (the "**Ministry**") has agreed to assist with funding the projects. The Ministry has committed to provide the Company with a \$2.5 million non-repayable contribution from the budgetary measure for innovation announced in the 2016-2017 Québec budget to support the forestry industry. As well, the Low Quality Hardwood Consumption Program has committed to provide an additional \$1 million non-repayable contribution to assist with funding the projects. The Company expects to finance the remainder of the Hemicellulose Project's total cost with cash on hand.

Yvon Pelletier, President and Chief Executive Officer of Fortress Paper, commented: "Extracting hemicellulose is the first step to entering the emerging renewable raw materials space which is an appealing new market opportunity with significant upside potential. The two planned projects at the Fortress Specialty Cellulose Mill demonstrate our continued commitment to developing new revenue streams that increase long-term shareholder value. Fortress Paper would like to thank the Provincial Government of Québec for their support and confidence in the projects."

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. 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 news release contains certain forward-looking information that reflect 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 statements comprising 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. Accordingly, readers should not place undue reliance on forward-looking information. Examples of such forward-looking information that may be contained in this news release include: the new market opportunity produced by the Hemicellulose Project and the expected sources of funding for the Hemicellulose Project. Assumptions underlying the Company's expectations regarding forward-looking information contained in this news release include, among others: that the Hemicellulose Project will result in a marketable by-product of hemicellulose, that there will be a viable market for such by-product, that the cost of the Hemicellulose Project and the Birch Project will not materially exceed the Company's estimates, that the Hemicellulose Project will allow the Fortress Speciality Cellulose Mill to utilize more of its incremental digester capacity and that Fortress Paper will have sufficient financing to fund the Hemicellulose Project and the Birch Project. Persons reading this news release are cautioned that statements comprising forward-looking information are only predictions, and that the Company's actual future results or performance are subject to certain risks and uncertainties including, without limitation: that there will be insufficient funds available to finance the Hemicellulose Project and the Birch Project or that the Company will be unable to complete the Hemicellulose Project and the Birch Project without additional funding; that there will be unforeseen disruptions to the completion of the Hemicellulose Project and the Birch Project; that there may be downturns in the market for derivative product produced from the Hemicellulose Project; that the Hemicellulose Project and the Birch Project will not achieve its intended results; and other risk factors listed from time to time in the Company's public filings. These risks, as well as others, could cause actual results and events to vary significantly. Accordingly, readers should not place undue reliance on statements comprising forward-looking information, 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 information, except as required by applicable securities law.