

For Immediate Release



**FORTRESS PAPER PROVIDES UPDATE ON AUXILIARY SYSTEM
FAILURE AT ITS DISSOLVING PULP MILL**

VANCOUVER, British Columbia, September 27, 2017 – Fortress Paper Ltd. ("**Fortress Paper**" or the "**Company**") (TSX:FTP) (OTCQX:FTPLF) reports that it has completed an assessment of the failure of a pressurized auxiliary gas collection system at the Fortress Specialty Cellulose Mill (the "**FSC Mill**") in Thurso, Québec that was reported on September 21, 2017. The Company has identified the source of the failure and is in the process of repairing and replacing the damaged components.

The Company has dispatched personnel to multiple supplier and repair locations to further attempt to expedite the work to be completed. Based on best effort commitments provided by equipment and parts suppliers, management believes that production at the FSC Mill will be restarted on or prior to October 9, 2017. The Fifth Digester Project continues to advance in the normal course and the cogeneration facility continues to operate at a reduced rate.

Mr. Giovanni Iadeluca, President of the FSC Mill, commented: "Although the system failure was an unforeseen event, we are proud of our team's response to the incident, protecting all of our employees and workers from any injury."

The Company has initiated an insurance claim pursuant to its property damage and business interruption insurance coverage, which has a \$2.5 million deductible. Based on current information, the Company is confident that costs associated with the replacement and repair of damaged equipment and business interruption costs should be covered by the insurance claim.

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 FSC Mill, 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 press release contains certain forward-looking information that reflects the current views and/or expectations of Fortress Paper with respect to its performance, business and future events, including statements regarding the cause

of the incident at the FSC Mill; expectations surrounding the timing of the restart of the FSC Mill and repairs thereat; and expectations surrounding insurance claims and their outcome. 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. 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 replacement parts can be secured and repairs completed in a timely manner within expected timeframes; that the Company will be successful in its insurance claim and that such claim shall cover losses sustained by the Company until the FSC Mill restarts other than the applicable deductible; that there are no other material losses or damages sustained by the FSC Mill as a result of the auxiliary system failure; that all other equipment will continue to operate in the normal course and as intended; and that the Company will be successful in mitigating certain of the losses sustained by the auxiliary equipment failure, including the impact of the failure on the Company's financial results. Investors are cautioned that all forward-looking information involves risks and uncertainties including, without limitation: that there may be potential disruptions to the timing of repairs and the supply of replacement parts and equipment, including as a result of further equipment failures, labour issues, the complex integration of processes and equipment and other factors; that no additional losses or equipment or system failures relating to the auxiliary system failure will be discovered; that the expected restart of the FSC Mill may be delayed if repairs cannot be performed as expected or if the restart is unsuccessful; that production may be reduced subsequent to the restart and may require a ramp up period; that insurance claims or other claims that may be brought against suppliers and/or service providers in connection with the auxiliary system failure may be unsuccessful or fail to cover all losses incurred; 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.