

For Immediate Release



FORTRESS PAPER ANNOUNCES EARLY REPAYMENT OF \$25,000,000 DEBENTURE

VANCOUVER, British Columbia, February 3, 2017 – Fortress Paper Ltd. ("**Fortress Paper**" or the "**Company**") (TSX:FTP) is pleased to announce that it has repaid in full the unsecured convertible debenture (the "**Debenture**") in the aggregate principal amount of \$25,000,000 issued by the Company in favour of Fonds de solidarité FTQ ("**FSTQ**"). The Debenture had an interest rate of 7% per annum and was set to mature on June 20, 2017. Pursuant to a debenture amendment agreement entered into by Fortress Paper and FSTQ, the Company was granted the right to repay the principal amount owing under the Debenture prior to maturity, together with all interest accrued to the date of repayment, without any prepayment penalty. Fortress used funds from the previously announced secured loan with IAM Infrastructure Private Debt Fund LP, which loan has been disbursed in full, to repay the Debenture.

Yvon Pelletier, Chief Executive Officer of Fortress Paper, commented, "We are pleased to be able to work with FSTQ to repay the Debenture prior to maturity which provides FSTQ with immediate liquidity while at the same time allowing us to efficiently deploy our cash resources. We would like to acknowledge our mutually beneficial working relationship with FSTQ over the years and look forward to the opportunity to work together in the future."

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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