FORM 51-102F3

MATERIAL CHANGE REPORT

1. Reporting Issuer:

Fortress Paper Ltd.
2nd Floor, 157 Chadwick Court
North Vancouver, B.C., V7M 3K2

2. Date of Material Change:

June 28, 2007

3. News Release:

A news release was issued on June 28, 2007 via Marketwire.

4. Summary of Material Change:

Fortress Paper Ltd. (the "Corporation") successfully completed its initial public offering of 5,000,000 common shares at an offering price of $8.00 per share for gross proceeds of $40 million.

5. Full Description of Material Change:

The news release, as filed on SEDAR on June 28, 2007, is attached hereto as Schedule "A".

6. Reliance on Confidential Filing Provisions:

N/A

7. Omitted Information:

N/A

8. Executive Officer:

The following senior officer of the Company is knowledgeable about the material change and this report and may be contacted by any of the securities commissions respecting the material change:

Chadwick Wasilenkoff
President and Chief Executive Officer, Fortress Paper Ltd.
Telephone: (604) 904-2328

9. Date of Report

June 28, 2007

Dated at Vancouver, British Columbia this 28th day of June, 2007.

FORTRESS PAPER LTD.

Per: *_/s/ Chadwick Wasilenkoff_*

Chadwick Wasilenkoff
President and Chief Executive Officer

SCHEDULE "A"

For Immediate Release

FORTRESS PAPER COMPLETES $40 MILLION INITIAL PUBLIC OFFERING

VANCOUVER, June 28, 2007 – Fortress Paper Ltd. ("Fortress" or the "Corporation") announced today the successful completion of its initial public offering (the "Offering") of 5,000,000 common shares at an offering price of $8.00 per share for total proceeds of $40 million. The shares commenced trading today on the Toronto Stock Exchange ("TSX") under the symbol "FTP". The underwriting syndicate consisted of RBC Dominion Securities Inc. and TD Securities Inc., as co-lead underwriters, and Raymond James Ltd. (collectively, the "Underwriters"). The Corporation has granted to the Underwriters an over-allotment option to cover over-allotments, if any, and for market stabilization purposes, for a period of 30 days following the date of closing. Proceeds of the Offering will be used to finance capital growth projects at both of the Corporation's mills located in Germany and Switzerland, repay certain indebtedness and for general corporate purposes. The final prospectus for Fortress is available on SEDAR at www.sedar.com.

The Corporation is headquartered in Vancouver, British Columbia, Canada.

About Fortress Paper Ltd.

Fortress is a leading international producer of security and other specialty papers. Fortress operates two paper mills, the Landqart Mill located in Switzerland and the Dresden Mill located in Germany. Fortress' security papers include banknote, passport and visa papers and its specialty papers include non-woven wallpaper base products, and graphic and technical papers. As an extension of its security papers business, the Landqart Mill has been actively developing and marketing innovative paper-based security products.

For more information, please contact:

Chadwick Wasilenkoff
Fortress Paper Ltd.
604-904-2328
info@fortresspaper.com

This news release contains certain forward-looking statements that reflect the current views and/or expectations of Fortress Paper Ltd. with respect to its performance, business and future events. Investors are cautioned that all forward-looking statements involve risks and uncertainties including, without limitation, those relating to changes in the market, potential downturns in economic conditions, foreign exchange fluctuations, regulatory requirements, competition and other risk factors listed from time to time in the Corporation's public filings. These risks, as well as others, could cause actual results and events to vary significantly. Fortress Paper Ltd. does not undertake any obligations to release publicly any revisions for updating any voluntary forward-looking statements.

Neither the TSX nor any other regulatory body has reviewed and therefore does not accept responsibility for the adequacy or accuracy of this release.

Not for distribution to United States newswire services or for dissemination in the United States.

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