

FORM 51-102F3

MATERIAL CHANGE REPORT

1. Name and Address of Company:

FORTRESS PAPER LTD.
2nd Floor, 157 Chadwick Court
North Vancouver, B.C., V7M 3K2

2. Date of Material Change:

The material change described in this report occurred on April 30, 2010.

3. News Release:

On April 30, 2010, Fortress Paper Ltd. (the "Corporation") issued a news release through the facilities of Marketwire. A copy of the press release is appended to this report.

4. Summary of Material Change:

The Corporation announced the successful completion of its acquisition, through its wholly owned subsidiary, Fortress Specialty Cellulose Inc., of the assets of a northern bleached hardwood kraft manufacturing facility located in Thurso, Quebec from Fraser Papers Inc. for net proceeds of approximately \$1.2 million. Concurrent with the completion of the acquisition the Corporation finalized a \$102.4 million project financing with Investissement Québec and a \$15 million convertible debenture with Solidarity Fund QFL.

5. Full Description of Material Change:

See attached news release appended to this report.

6. Reliance on Confidential Filing Provisions:

Not applicable.

7. Omitted Information:

Not applicable.

8. Executive Officer:

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

Chadwick Wasilenkoff
Chief Executive Officer
Telephone: (604) 904-2328

9. Date of Report:

May 10, 2010

For Immediate Release



FORTRESS PAPER CLOSES ACQUISITION TO ENTER THE SPECIALTY CELLULOSE AND BIO-ENERGY SECTORS AND THE ASSOCIATED FINANCING

VANCOUVER, British Columbia, April 30, 2010 – Fortress Paper Ltd. ("Fortress Paper" or the "Corporation"), a leading producer of security and specialty papers, is pleased to announce the successful completion of its acquisition of the assets of a northern bleached hardwood kraft ("NBHK") manufacturing facility located in Thurso, Quebec (the "Thurso Mill") from Fraser Papers Inc. ("Fraser") for net proceeds of approximately \$1.2 million. With this successful acquisition, Fortress Paper will commence the conversion of the Thurso Mill into a world class, low cost, specialty cellulose (dissolving pulp) operation. Concurrently, Fortress Paper intends to build a biomass-based cogeneration plant at the Thurso Mill which will produce green electricity resulting in material net energy savings (income).

Chad Wasilenkoff, CEO of Fortress Paper, states, "We are pleased to announce the transaction has closed. We intend to move aggressively to ramp up operations at the Thurso Mill and anticipate production of NBHK to commence in mid June of this year during the interim period while we immediately begin the conversion of the Thurso Mill into a dissolving pulp operation. We are finalizing the terms of employment with several key individuals with extensive experience in dissolving pulp conversions and should be able to provide more details on this matter in the coming weeks. This acquisition will diversify our specialty product mix and we believe will provide a significant financial contribution to Fortress' growth aspirations."

The acquisition of the Thurso Mill has been completed through its wholly-owned subsidiary Fortress Specialty Cellulose Inc. ("Fortress Specialty"). The Corporation intends to incur capital expenditures of approximately \$153 million to convert the non-operating NBHK mill into a high quality specialty cellulose mill and to construct a new cogeneration facility.

Concurrent with the completion of the acquisition the Company has finalized \$102.4 million project financing with Investissement Québec ("IQ") and a \$15 million convertible debenture (the "Debenture") with Solidarity Fund QFL. Additionally, included in the assets being purchased is approximately \$9.9 million in credits (black liquor credits) granted under the Canadian government's Pulp and Paper Green Transformation Program. Fortress Paper also intends to apply for approximately \$15.2 million in federal credits under the Green Infrastructure Fund program of the Minister of Transport, Infrastructure & Communities relating to the planned cogeneration project.

New collective agreements have been negotiated with all three unions which will be in effect until 2016. The defined benefit pension plan which existed under the previous collective agreements has been replaced with a defined contribution pension plan, eliminating the risk of future unfunded pension liabilities. Under these new agreements, Fortress will not be assuming any of the previous pension liabilities. Management is confident that these agreements will ensure a positive partnership with the union and a stable, efficient cost structure through the transition into dissolving pulp.

Further Details:

Fortress Paper has completed a loan agreement whereby Investissement Québec has agreed to provide up to \$102.4 million to Fortress Specialty to support the proposed business plan in respect of the Thurso Mill. The loan is secured by the capital assets of Fortress Specialty and has a term of 10 years. Interest will be calculated at a fixed

rate of 5.0% per annum for the first five years, followed by a rate based on the cost of IQ's funds plus 2.0% for the remaining five years, up to a maximum of 5.5% per annum.

Fortress Paper has also issued a \$15 million convertible debenture (the "Debenture") to Solidarity Fund QFL. The convertible debt matures in five years with an interest rate of 7% per annum. The Debenture is convertible, in whole or in part, at the option of Solidarity Fund QFL into common shares of Fortress Paper at any time after closing of the debenture at a conversion price equal to \$20.00.

The Solidarity Fund QFL is a development capital company that channels the savings of Québec residents into investments in all sectors of the economy to help create and maintain jobs and to further Québec's economic growth. The Fund is a partner, either directly or through its network members, in approximately 2,000 companies.

The specialty cellulose mill is planned to have an annual production capacity of more than 200,000 air dried metric tonnes and is expected to be completed in mid-2011. In entering into the specialty cellulose sector, Fortress Specialty will focus on producing dissolving grade cellulose for the textile industry, primarily targeting viscose fibre (rayon) products which have shown strong growth of approximately 10% in China and 7% worldwide over the past five years. Rayon is a technically evolved and versatile fibre with many advantages, particularly in the warmer and higher growth regions of the world.

Fortress Paper also plans to construct an approximately 25 megawatt cogeneration facility to service a net 18.8 megawatt power supply agreement over a 15 year term. The location of the cogeneration facility provides it with access to on-site generation of biomass and an extensive local network of chip and other biomass suppliers. The cogeneration facility is expected to be supplying electricity in the fourth quarter of 2012.

About Fortress Paper

Fortress Paper is a leading international producer of security and other specialty papers. Fortress Paper operates three mills, the Landqart Mill located in Switzerland, the Dresden Mill located in Germany and the Fortress Specialty Cellulose Mill located in Canada. Fortress Paper's security papers include banknote, passport and visa papers and its specialty papers include non-woven wallpaper base products, and graphic and technical papers. Fortress Paper's pulp business currently includes NBHK with plans to convert this capacity into dissolving pulp production. Fortress Paper plans to build a biomass based cogeneration plant at the Thurso Mill.

For more information, please contact:

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This news release contains certain forward-looking statements that reflect the current views and/or expectations of Fortress Paper with respect to its performance, business and future events, including its intention to convert the Thurso Mill into a specialty cellulose (dissolving pulp) operation; its plans to build a biomass based cogeneration plant and the financial results and production capacity expected therefrom; the expected effects of the acquisition of the Thurso Mill on the business of the Corporation; the state of the market in the specialty cellulose and green bio-energy sectors; and its intended application for federal tax credits. Forward-looking statements are based on the then-current expectations, beliefs, assumptions, estimates and forecasts about the business and the industry and markets in which the Corporation operates, including; its ability to complete the necessary financing to successfully implement its business plan in respect of the Thurso Mill; the success and profitability of the specialty cellulose operation and cogeneration plant; the expected effects of the acquisition of the Thurso Mill on the business of the Corporation; the state of the market in the specialty cellulose and green bio-energy sectors; and the Corporation's ability to obtain certain federal tax credits. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions which are difficult to predict. Investors are cautioned that all forward-looking statements involve risks and uncertainties including, without limitation, that the Corporation will not obtain the necessary

financing to complete its business plan in respect of the Thurso Mill; will be unable to implement its business plan in respect of the Thurso Mill as planned or at all; that the specialty cellulose operation and cogeneration plant will not be successful or profitable and will not meet anticipated production capacities; that the Corporation will not obtain the federal tax credits; and those risks relating to changes in the market, potential downturns in economic conditions, fluctuations in the price and supply of raw materials, foreign exchange fluctuations, labour relations, regulatory requirements, reputation, competition, dependence on major customers, 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. Accordingly, readers should not place undue reliance on forward-looking statements and 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 statements, except as required by applicable securities law.

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