

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 August 13, 2013.

3. News Release:

On August 13, 2013, Fortress Paper Ltd. (the "Company") issued a news release through the facilities of Marketwire.

4. Summary of Material Change:

The Company reports that the high pressure water pump at its Fortress Specialty Cellulose Mill (the "FSC Mill") was re-installed on July 12, 2013 and the cogeneration facility operated for 20 days before being shut-down due to pump failure. The back-up high pressure water pump was then installed on August 5, 2013 and its operation was again unsustainable due to inadequate repairs. The Company has placed an order with another supplier for a high pressure water pump which is expected to arrive in approximately four weeks for installation. The Company anticipates completing final testing as soon as the new pump is installed and tested, and expects the cogeneration facility will be delivering power to the Hydro Quebec grid at the contractual rate within 24 hours of completing the test.

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 Company 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:

August 13, 2013

For Immediate Release



FORTRESS PAPER PROVIDES COGENERATION FACILITY UPDATE

VANCOUVER, British Columbia, Aug 13, 2013 – Fortress Paper Ltd. ("Fortress Paper" or the "Company") reports that the high pressure water pump at its Fortress Specialty Cellulose Mill (the "FSC Mill") was re-installed on July 12, 2013 and the cogeneration facility operated for 20 days before being shut-down due to pump failure. The back-up high pressure water pump was then installed on August 5, 2013 and its operation was again unsustainable due to inadequate repairs. The Company has already placed an order with another supplier for a high pressure water pump which is expected to arrive in approximately four weeks for installation.

Despite these setbacks, the Company completed all major testing of equipment during the operating period. The facility successfully completed 18 and 24 MWH output testing. The Company anticipates completing the final 100 hour test as soon as the new pump is installed and tested. Fortress expects the cogeneration facility will be delivering power to the Hydro Quebec grid at the contractual rate within 24 hours of completing the test.

Chad Wasilenkoff, Chief Executive Officer of Fortress Paper commented, "Although the performance of the repair by the supplier of the pump has been disappointing, we are pleased that we were able to complete all major testing of equipment. The Company will proceed with an alternate pump supplier in order to complete the final 100 hour test before delivering power to the Hydro Quebec grid and ultimately reducing our production costs."

About Fortress Paper

Fortress Paper operates internationally in two distinct business segments: dissolving pulp and security paper products. The Corporation operates its dissolving pulp business at the Fortress Specialty Cellulose Mill located in Canada, which is also in the process of expanding into the renewable energy generation sector with the construction of a cogeneration facility. The Corporation is also seeking to expand its dissolving pulp capacity with the recent acquisition of Fortress Global Cellulose Mill located at Lebel-sur-Quévillon, Québec, which the Corporation is evaluating to convert into a dissolving pulp mill and restart the cogeneration facility.

The Corporation 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, and at its high security production and research facility located in Canada, where it manufactures optically variable thin film material.

For more information, please contact:
Fortress Paper Ltd.
604-904-2328 or info@fortresspaper.com

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

This press 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 statements regarding the timing of the completion of the cogeneration facility at the Fortress Specialty Cellulose Mill and commencement of delivery of power; and the timing and completion of the installation of equipment. The reader is cautioned that forward-looking statements 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 statements. 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 Company operates. Assumptions underlying the Company's expectations regarding forward-looking statements contained in this news release include, among others: that there will be no further unforeseen or unexpected delays that will further impact the timing of completion of the cogeneration project; and that equipment will operate as expected. Investors are cautioned that all forward-looking statements involve risks and uncertainties including, without limitation, risks relating to potential disruptions to the timing of the completion of the cogeneration project and delivery of power, including as a result of equipment failures, labour issues, the complex integration of processes and equipment and other factors; that market conditions for dissolving pulp will not continue to be favourable; 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 forward-looking statements, 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.