



TSX: FTP

FORTRESS PAPER ANNOUNCES FOURTH QUARTER 2015 RESULTS

Vancouver, British Columbia, March 9, 2016 – Fortress Paper Ltd. (“Fortress Paper” or the “Company”) reported 2015 fourth quarter operating EBITDA of \$3.3 million. The Dissolving Pulp Segment generated operating EBITDA of \$1.5 million and the Security Paper Products Segment generated EBITDA of \$3.9 million. Corporate costs included in operating EBITDA were \$2.1 million.

“We were pleased to report another quarter of positive operating EBITDA,” stated Yvon Pelletier, Chief Executive Officer. “Operating EBITDA for the year 2015 was \$10.4 million, a \$32.9 million improvement from the operating EBITDA loss of \$22.5 million for the year 2014. In the Dissolving Pulp Segment, our cogeneration facility operated near capacity, sales diversification and volumes improved, market dynamics became more balanced, and our margins improved due to the Canadian dollar weakening significantly against the US dollar. Improvements in mill productivity will continue to be a focus. In the Security Paper Products Segment, we experienced increases in volumes shipped, sales and efficiencies as well as reduced waste rates which translated to improved mill performance. As we enter 2016, we are encouraged with progress made in 2015 and will endeavour to build on this.”

Fourth Quarter 2015 Segment Results

Dissolving Pulp Segment operating EBITDA was \$1.5 million for the fourth quarter of 2015 representing a decrease of \$3.9 million when compared to the third quarter of 2015. The results of the fourth quarter of 2015 were negatively impacted by the annual major maintenance shutdown partially offset by higher dissolving pulp prices and foreign exchange rates on sales, which are primarily denominated in US dollars. Dissolving Pulp Segment operating EBITDA for the fourth quarter was a \$5.2 million improvement when compared to the fourth quarter of 2014. This improvement was a result of increased power generation sold under the power supply agreements with Hydro Québec as well as higher dissolving pulp prices and foreign exchange rates on sales.

The Company sold 29,424 air dried metric tonnes (“ADMT”) of dissolving pulp in the fourth quarter of 2015 compared to 45,377 ADMT of dissolving pulp in the previous quarter. The decrease in sales was mainly due to low inventory levels and lower production during the quarter resulting primarily from the annual major maintenance shutdown. Although market conditions remain challenging, the second half of 2015 saw improved pricing and industry conditions. However, the Dissolving Pulp Segment continues to be affected by the antidumping duty imposed by China’s Ministry of Commerce in April 2014.

Security Paper Products Segment operating EBITDA was \$3.9 million for the fourth quarter of 2015 representing an improvement of \$1.7 million when compared to the third quarter of 2015 and a \$0.7 million improvement when compared to the fourth quarter of 2014. The Landqart mill continues to implement new initiatives to improve efficiencies and profitability. The Landqart mill sold 2,523 tonnes of security paper in the fourth quarter of 2015, compared to

2,456 tonnes in the third quarter of 2015. Results in the fourth quarter of 2015 were impacted by the timing of sales, changes in product mix and fluctuations in foreign exchange rates. More efficient production and improved waste rates positively impacted the results relative to both the previous quarter and the prior year comparative period.

Management's Outlook

Dissolving Pulp Segment

Management expects improved VSF and dissolving pulp pricing following the conclusion of Chinese New Year and towards the beginning of the second quarter of 2016. Some improvement has already been observed in VSF and rayon yarn markets. As management expects the dissolving pulp market to remain below long term trend pricing in the near term and low cotton and polyester pricing to continue to put pressure on all fibre pricing, the Company's focus continues to be on ongoing cost reduction initiatives to position the mill further down the cost curve.

Management believes the long-term growth prospects for the world textile and fibre markets will continue to be favorable with increasing population and purchasing power in certain markets and expects VSF demand growth to continue to be strong with increased penetration in other markets.

Management continues to focus on cost reductions, production improvement, power generation and product development to improve margins at the FSC mill. Dissolving pulp prices have stabilized but are still at levels below longer term trend pricing. Management believes results should improve at the FSC mill due to stable market conditions, favourable foreign exchange rate to the US dollar and anticipated improvements in production costs. The initiatives to reduce operational costs are focused primarily in the following areas: productivity improvement, oil consumption reduction, power generation improvement and chemical cost optimization.

The collective agreements with unionized employees at the Fortress Specialty Cellulose mill will expire on April 30, 2016. Bargaining is expected to begin imminently.

Security Paper Products Segment

Despite overcapacity in the security paper market, the Landqart mill continues to build on a strong order book comprised of a mix of new and repeat orders. The mill has achieved targeted overall key performance indicators to date and management anticipates the mill to continue with further efficiency improvements. Results at the Landqart mill for the quarter ended December 31, 2015 were higher than the third quarter of 2015, due primarily to the timing of sales, fluctuations in foreign exchange rates and product mix. Management initiatives to improve results at the Landqart mill include the Company's Lean Six Sigma program implemented in late 2013, which focuses on improving both mill efficiency and productivity. Production of Durasafe® for the substrate of the ninth series of the Swiss franc for the Swiss National Bank ("SNB") began in 2014 and is expected to continue in 2016 and beyond. The SNB is scheduled to issue the new 50 Swiss franc note printed on Durasafe® during the second quarter of 2016.

While the appreciation of the Swiss franc has negatively affected the profit margins at the Landqart mill, operating EBITDA growth overall in 2015 was significant when compared to the

previous year. A strong order book, continuing improvements in waste rates and product mix suggest an improved operational outlook.

For a summary of significant developments please refer to the Management's Discussion and Analysis for the three and twelve month periods ended December 31, 2015 (available on SEDAR at www.sedar.com).

Selected Financial Information

The selected financial information presented herein is qualified in its entirety by, and should be read in conjunction with, the Company's audited consolidated financial statements as at and for the three and twelve month periods ended December 31, 2015 and the related notes thereto and Management's Discussion and Analysis, which are available on SEDAR.

Reference is made in this news release to operating EBITDA (defined as net income before interest, income taxes, depreciation, amortization, non-operating income and expenses and stock-based compensation), which the Company considers to be an indicative measure of operating performance and a metric to evaluate profitability. Operating EBITDA is not a generally accepted earnings measure and should not be considered as an alternative to net loss or cash flows as determined in accordance with IFRS. As there is no standardized method of calculating this measure, the Company's operating EBITDA may not be directly comparable with similarly titled measures used by other companies. Reconciliation of operating EBITDA to net loss reported in accordance with IFRS is included below.

Selected Financial Information and Statistics

(thousands of dollars, except shipments, unaudited)	Q4 2015	Q3 2015	Q4 2014
Sales	74,576	85,169	74,449
Operating EBITDA (loss) ⁽¹⁾	3,335	5,533	(1,396)
Net loss	(3,680)	(5,178)	(13,244)
Paper shipments (tonnes)	2,523	2,456	2,270
Pulp shipments (ADMT)	29,424	45,377	46,975

⁽¹⁾ See Net Loss to Operating EBITDA Reconciliation.

A conference call to discuss the financial results for the fourth quarter 2015 will be held on March 10, 2016 at 9:00 a.m. (PST). To participate in the conference call, please dial one of the following numbers:

604-681-8564 Vancouver
 403-532-5601 Calgary or International
 780-429-5820 Edmonton
 416-623-0333 Toronto
 613-212-0171 Ottawa
 514-687-4017 Montreal

Toll Free Dial in Number: 1-855-353-9183 from Canada and USA

Participant pass code: 15086#

Conference Reference Number: 1193260#

A replay of the conference call will be available for 30 days. To access the replay, listeners may dial 1-855-201-2300 from North America or 403-255-0697 International. The conference reference number is 1193260# and the participant pass code to access the replay is 15086#.

A presentation to complement our fourth quarter earnings conference call is available under the “Investor Relations” section at www.fortresspaper.com or by sending a request to info@fortresspaper.com

The Company will be hosting an investor day at the Landqart Mill in Switzerland, May 12, 2016. Please contact the Company for further information if you are interested in attending.

Financial Reconciliations

Net Loss to Operating EBITDA Reconciliation:

(thousands of dollars, unaudited)	Q4 2015	Q3 2015	Q4 2014
Net loss	(3,680)	(5,178)	(13,244)
Income tax (recovery) expense	(1,310)	8	(3,908)
Foreign exchange (gain) loss	(559)	(3,255)	829
Net finance expense	5,528	5,163	2,392
Gain on extinguishment of debt	-	-	(2,577)
Amortization of deferred borrowing costs	-	-	6,341
Amortization	7,785	7,292	7,259
Change in fair value of marketable securities	(437)	(954)	732
Employee benefit past service cost adjustment	(4,068)	-	-
Stock based compensation	76	96	210
Transition expense	-	2,000	-
Non-recurring expenses	-	361	-
Legal provision	-	-	500
Loss on business disposal	-	-	70
Operating EBITDA (loss)	3,335	5,533	(1,396)

The Company

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.

For further information please contact:

Mr. Yvon Pelletier, Chief Executive Officer
Fortress Paper Ltd.
604-904-2328 (info@fortresspaper.com)

Forward-Looking Information

This news release contains certain forward-looking information that reflects the current views and/or expectations of the Company with respect to its expectations, beliefs, assumptions, estimates and forecasts about its business and the industry and markets in which it operates. 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. Accordingly, readers should not place undue reliance on forward-looking information, which is qualified entirely by this cautionary statement. Examples of such forward-looking information contained in this news release include statements relating to: the growth and future prospects of the Company's business; market conditions for dissolving pulp; expectations relating to the renewal of collective agreements; and the benefits that may accrue to the Company as the result of certain dispositions and cost reduction and production improvement initiatives. Assumptions underlying the Company's expectations regarding forward-looking information contained in this news release include, among others: that the Company will be able to effectively market its products; the ability of the Company to realize significant cost-savings from production improvements, cost reduction initiatives and the cogeneration facility at the Fortress Specialty Cellulose Mill; that equipment will operate at expected levels; that labour relations will remain positive; and that the Company's assumptions relating to dissolving pulp markets will be accurate. Persons reading this news release are cautioned that forward-looking information represents predictions only, and that the Company's actual future results or performance are subject to certain risks and uncertainties including, without limitation: that market conditions for dissolving pulp will not improve or will worsen; the Company will not realize anticipated cost savings from its cost reduction initiatives; equipment will not operate as intended; that work stoppages or other disturbances may occur as a result of delays in or the failure of negotiations of new collective agreements; and other risk factors detailed in the Company's most recent Annual Information Form and other filings with Canadian securities regulatory authorities. These risks, as well as others, could cause actual results and events to vary significantly. The Company does not undertake any obligation to update any forward-looking information, except as required by applicable securities law.