

FORM 51-102F3

MATERIAL CHANGE REPORT

1. Name and Address of Company:

FORTRESS PAPER LTD. (the "Company")
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 November 14, 2016.

3. News Release:

A news release announcing the material change referred to in this report was issued by the Company on November 14, 2016, through the facilities of Marketwired.

4. Summary of Material Change:

The Company announced a \$19.7 million investment in a project utilizing birch to manufacture dissolving pulp at the Fortress Specialty Cellulose Mill.

5. Full Description of Material Change:

The Company announced a major investment to advance its strategic project of utilizing birch to manufacture dissolving pulp at the Fortress Specialty Cellulose Mill located in Thurso, Quebec (the "Project"). The Project is estimated to cost approximately \$19.7 million in total, with \$9 million to be funded by the Government of Canada through a non-repayable contribution. The remainder of the Project's total cost is expected to be financed by the Company with cash on hand, operating cash-flow and other investment incentive programs, such as the Hydro Québec "Rate L" tariff.

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:

Kurt Loewen
Chief Financial Officer
Telephone: (604) 904-2328.

9. Date of Report:

November 23, 2016.