

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 December 20, 2016.

3. News Release:

A news release announcing the material change referred to in this report was issued by the Company on December 20, 2016 through the facilities of Marketwired.

4. Summary of Material Change:

The Company announced that it has entered into an agreement with Mr. Chadwick Wasilenkoff for his continued role as Executive Chairman of the Company.

5. Full Description of Material Change:

The Company announced that it has entered into an agreement (the "Agreement") with Mr. Chadwick Wasilenkoff for his continued role as Executive Chairman of the Company on a full-time basis. The Agreement will commence on January 1, 2017 for a term of four years. The Agreement supersedes and replaces Mr. Wasilenkoff's transition agreement and all other services arrangements with the Company and its subsidiaries, and provides the Company with a further deferral until the end of the term, or the termination of the Agreement, of the \$3 million payment that the Company agreed to pay him under the transition agreement.

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:

December 22, 2016.