

## FORM 51-102F3

### MATERIAL CHANGE REPORT

**1. Name and Address of Company:**

FORTRESS PAPER LTD. (the "Company")  
2<sup>nd</sup> Floor, 157 Chadwick Court  
North Vancouver, B.C., V7M 3K2

**2. Date of Material Change:**

The material change described in this report occurred on January 19, 2017.

**3. News Release:**

A news release announcing the material change referred to in this report was issued by the Company on January 20, 2017 through the facilities of Marketwired.

**4. Summary of Material Change:**

The Company announced that its wholly owned subsidiary, Fortress Bioenergy Ltd. ("FBEL") entered into a credit agreement with IAM Infrastructure Private Debt Fund LP ("IAM"), pursuant to which IAM, as administrative agent and lender, granted FBEL, as borrower, a \$40 million secured loan which matures 14 years from the date of advance, and is repayable in monthly payments of principal and interest over the term.

**5. Full Description of Material Change:**

On January 20, 2017 the Company announced that its wholly owned subsidiary, FBEL, as borrower, entered into a credit agreement with IAM, as lender, in relation to a \$40 million secured loan (the "IAM Loan") which matures 14 years from the date of advance, and is repayable in monthly payments of principal and interest over the term. The IAM Loan will accrue interest at a rate of 6% per annum plus an account maintenance fee of 0.5% per annum and is expected to be advanced following completion of customary closing conditions. FBEL is the owner and operator of the electricity cogeneration facility located at the Fortress Specialty Cellulose Inc. ("FSC") mill in Thurso, Québec. The IAM Loan is secured against all of the assets of FBEL. The IAM Loan is also guaranteed by the Company as well as the Company's wholly owned subsidiary FSC.

Investissement Québec ("IQ"), acting on behalf of the government of Québec, has agreed to subordinate its security rights in relation to its outstanding loan with FBEL and FSC in favour of the IAM Loan. In consideration of such subordination, the Company has agreed with IQ to match the interest rate payable on \$40 million principal amount of the outstanding IQ loan to that payable pursuant to the IAM Loan. All principal payments on the IQ loan made by the Company will be applied firstly to the higher interest bearing principal amount outstanding.

**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:**

January 27, 2017.