

**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 October 6, 2017.

**3. News Release:**

A news release announcing the material change referred to in this report was issued by the Company on October 10, 2017 through the facilities of CNW Newswire.

**4. Summary of Material Change:**

The Company announced that the Fortress Specialty Cellulose Mill restarted on October 6, 2017 following the failure of a pressured auxiliary gas collection system, and it has initiated an insurance claim pursuant to its property damage and business interruption insurance coverage.

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

The Company announced that the Fortress Specialty Cellulose Mill restarted on October 6, 2017, following the failure of a pressured auxiliary gas collection system originally announced on September 21, 2017 and updated on September 27, 2017, three days earlier than previously announced in its September 27, 2017 news release. The Company completed the necessary repairs at the mill caused by and re-commenced production of dissolving pulp.

The Company initiated an insurance claim pursuant to its property damage and business interruption insurance coverage, which has a \$2.5 million deductible. Based on current information, the Company is confident that costs associated with the replacement and repair of damaged equipment and business interruption costs should be covered by the insurance claim.

**6. Reliance on subsection 7.1(2) of National Instrument 51-102:**

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:**  
October 12, 2017.