



FORTRESS GLOBAL ENTERPRISES REPORTS SECOND QUARTER 2019 RESULTS

Vancouver, British Columbia, August 6, 2019

Second Quarter 2019 Consolidated Results

Fortress Global Enterprises Inc. ("Fortress Global Enterprises" or the "Company") (TSX:FGE) (OTCQX:FTPLF) reported 2019 second quarter operating EBITDA loss of \$9.5 million compared to operating EBITDA loss of \$9.7 million in the previous quarter and operating EBITDA of \$2.7 million in the prior year comparative period. The Dissolving Pulp Segment incurred operating EBITDA loss of \$8.5 million. Development costs incurred in the Bioproducts Segment were \$2.2 million which was offset by \$2.1 million of grants and funding. Corporate costs were \$0.9 million in the second quarter of 2019.

Giovanni Iadeluca, Chief Executive Officer of Fortress Global Enterprises, commented:

"Due to a combination of factors, such as a lower realized sales price resulting from decreased dissolving pulp prices, an inventory write-down and production challenges coupled with an extended annual maintenance shutdown, operating results in the second quarter of 2019 were below management expectations. Current dissolving pulp prices remain well below pricing experienced over the past 10 years; however, management believes dissolving pulp prices should trend towards more normalized pricing in the short term."

"With support from our partners, the Company believes it can endure the current market uncertainty in part caused by the trade dispute between China and the United States which is impacting global trade. China represents approximately 65% of the dissolving pulp market."

Second Quarter 2019 Segment Results and Outlook

A total of 31,710 air dried metric tonnes ("ADMT") of dissolving pulp was produced in the second quarter of 2019 and the Fortress Specialty Cellulose ("FSC") mill sold 33,585 ADMT of dissolving pulp in the same period, compared to sales of 31,232 ADMT and 39,882 ADMT of dissolving pulp in the previous quarter and prior year comparative period, respectively.

According to China Chemical Fiber Group, viscose staple fibre ("VSF") capacity grew by approximately 740,000 tonnes per year in 2018, driving dissolving pulp demand which is forecasted to continue to grow in 2019. Dissolving pulp prices in 2018 were relatively stable, with average weekly pricing up 3.6% to \$1,206 (US\$931) per ADMT as compared to \$1,167 (US\$899) per ADMT in 2017. The substantial increases in VSF capacity in 2018 contributed to softening of VSF pricing throughout 2018 and the first half of 2019 as mills struggled with inventory build-up as the new supply came online. The sharp decline in dissolving pulp pricing

subsequent to the first quarter of 2019 is in contrast to the positive trend pricing experienced over the previous four years. Current dissolving pulp prices are at their lowest level since the end of the 2009 recession. Management believes this to be a result of a temporary disruption in market conditions as there has been no material change in the underlying supply and demand fundamentals. VSF demand is expected to continue to grow by over 6% per year, driving dissolving pulp demand which is forecasted to continue to be strong for the foreseeable future. However, dissolving pulp pricing is currently impacted by VSF/rayon downstream market pricing and conditions, paper pulp market pricing influencing swing mills, general macro-economic uncertainties pertaining to the ongoing US/China trade issues and US\$/RMB exchange rates.

In accordance with the Company's accounting policy, each asset or cash generating unit is evaluated at each reporting date to determine whether there are any indicators of impairment. Management's impairment evaluation resulted in the identification of an impairment loss of \$44.9 million at the FSC mill operations, as at June 30, 2019.

Going Concern

The Company's financial statements have been prepared under the historical cost convention, except for certain classes of property, plant and equipment. The financial statements have also been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

During the quarter ended June 30, 2019 the Company incurred losses of \$61.2 million, including an impairment charge of \$44.9 million and an inventory write-down of \$3.6 million. The Company had cash flows from operating activities of \$0.5 million. The Company has a working capital deficit of \$10.2 million. The Company's ability to continue as a going concern is dependent upon the Company being successful in accessing additional sources of liquidity from lenders or investors until it is able to generate sufficient, sustainable cash flow from operations to meet its ongoing operating, financing and investing requirements. Active discussions with the Company's lenders are ongoing, as well as efforts to seek other sources of financing. However, there can be no assurance that the Company will be successful in raising capital on acceptable terms if at all.

As a result, there is significant uncertainty whether the Company will continue as a going concern and, therefore, whether it will realize the stated value of its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial statements. No adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or the amount and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern. These adjustments could be material.

Corporate and Cash

Corporate expenses for the three months ended June 30, 2019 were \$0.9 million, comparable to the previous quarter. Cash and restricted cash at June 30, 2019 was \$8.8 million compared to \$14.4 million at March 31, 2019. As at June 30, 2019, the Company had \$3.7 million in restricted cash of which \$3.4 million was released subsequent to the quarter end.

For a summary of significant developments please refer to the Management's Discussion and Analysis for the three month period ended June 30, 2019 (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 unaudited condensed consolidated financial statements as at and for the three month period ended June 30, 2019 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)	Q2 2019	Q1 2019	Q2 2018
Sales	36,762	34,605	50,077
Operating EBITDA (loss) ⁽¹⁾	(9,456)	(9,728)	2,652
Net loss	(61,243)	(16,855)	(8,150)
Pulp shipments (ADMT)	33,585	31,232	39,882

⁽¹⁾ See Net Loss to Operating EBITDA (Loss) Reconciliation.

A conference call to discuss the financial results for the Second quarter of 2019 will be held on August 7, 2019 at 6:00 a.m. (PDT). 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: 1248084#

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 1248084# and the participant pass code to access the replay is 15086#.

A presentation to complement our second quarter earnings conference call is available under the “Financials” section at www.fortressge.com or by sending a request to info@fortressge.com.

Financial Reconciliations

Net Loss to Operating EBITDA (Loss) Reconciliation:

(thousands of dollars, unaudited)	Q2 2019	Q1 2019	Q2 2018
Net loss	(61,243)	(16,855)	(8,150)
Foreign exchange gain	(1,007)	(714)	(161)
Net finance (gain) expense	2,814	4,380	5,371
Amortization	5,536	5,205	5,477
Gain on financial instruments	(517)	(1,319)	(43)
Non-operating income	–	–	(129)
Gain on sale of assets	–	(604)	–
Stock-based compensation	92	179	287
Impairment loss	44,869	–	–
Operating EBITDA (loss)	(9,456)	(9,728)	2,652

The Company

Fortress Global Enterprises operates its dissolving pulp business at the Fortress Specialty Cellulose mill located in Canada, which also operates in the renewable energy generation sector through its cogeneration facility.

For more information, please contact:
Fortress Global Enterprises Inc.
604-904-2328 or info@fortressge.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 the Company's products; expectations relating to expenditures; the impact of certain projects,

acquisitions, cost reductions, equipment upgrades and production improvement initiatives; and expectations relating to the xylitol and complementary bioproducts project. 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, projects and cost reduction initiatives; that equipment will operate at expected levels; that labour relations will remain positive; that the Company's assumptions relating to the markets in which it operates will be materially accurate; that the Company will continue to operate as a going concern; and that the Company will be able to secure the necessary financing required to implement the xylitol and complementary bioproducts project. 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 and additional issues relating to equipment repairs will arise; that the Company will not be able to continue to operate as a going concern, which is primarily dependent on accessing additional sources of liquidity from lenders or investors until the Company is able to generate sufficient, sustainable cash flow from operations to meet its ongoing operating, financing and investing requirements; there may be delays, cost overruns and financing or other impediments in implementing the xylitol and complementary bioproducts project; 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.