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**FORTRESS PAPER ANNOUNCES SECOND QUARTER 2008 RESULTS**

**Vancouver, British Columbia, August 11, 2008** – Fortress Paper Ltd. (“Fortress Paper” or the “Company”) reported net income of \$3.4 million for the second quarter of 2008 on sales of \$49.1 million or basic and diluted earnings per share of \$0.33. In the first quarter of 2008 the Company reported net income of \$4.2 million on sales of \$49.8 million or basic and diluted earnings per share of \$0.41 and \$0.38, respectively. For the second quarter of 2007 the Company reported net income of \$1.7 million on sales of \$35.4 million or basic and diluted earnings per share of \$0.40 and \$0.38, respectively. The number of shares outstanding was significantly higher in the first and second quarters of 2008 when compared to the second quarter of 2007.

**Highlights**

EBITDA was \$6.2 million or 12.6% of sales for the three months ended June 30, 2008. For the three months ended June 30, 2007 EBITDA was \$4.3 million or 12.1% of sales. For a reconciliation of net income to EBITDA please see the Management’s Discussion and Analysis available on SEDAR at [www.sedar.com](http://www.sedar.com). The increase in EBITDA relative to the prior year comparative period was primarily due to the continued focus at the Dresden mill, towards more non-woven wallpaper base which typically offers higher sales per tonne and higher EBITDA margins.

EBITDA is 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 a key performance indicator. EBITDA is not a generally accepted earnings measure and should not be considered as an alternative to earnings or cash flows as determined in accordance with Canadian generally accepted accounting principles. As there is no standardized method of calculating EBITDA, the Company’s use for the term may not be comparable with similarly titled measures used by other companies.

**Selected Financial Information**

The selected financial information presented herein is qualified in its entirety by, and should be read in conjunction with, our unaudited consolidated financial statements as at and for the three and six month periods ended June 30, 2008 and the related notes thereon and our Management’s Discussion and Analysis filed on SEDAR.

## Selected Financial Information and Statistics

(thousands of dollars, except shares, per unit amounts and shipments, unaudited)	Q2 2008	Q1 2008	Q2 2007
Sales	49,138	49,789	35,441
EBITDA	6,184	6,643	4,319
Operating income	5,075	5,527	3,364
Net income	3,401	4,189	1,700
Shipments (tonnes)	14,125	15,004	12,578
Basic EPS	\$0.33	\$0.41	\$0.40
Weighted average shares outstanding basic (thousands)	10,248	10,203	4,275
Diluted EPS	\$0.33	\$0.38	\$0.38
Weighted average shares outstanding diluted (thousands)	10,423	11,141	5,212

## Operational Results

Sales for the three months ended June 30, 2008 totaled \$49.1 million. The Landqart Mill contributed \$20.0 million and the Dresden Mill contributed \$29.1 million of sales revenue. In the three months ended June 30, 2007 sales totaled \$35.4 million. The Landqart Mill and Dresden Mill contributed \$15.7 million and \$19.7 million, respectively. Sales for the three months ended June 30, 2008 were significantly higher relative to the prior year comparative period primarily due to capacity increases at both mills and the continued focus at the Dresden mill, towards more non-woven wallpaper base.

Landqart produces various specialty and security papers. Security paper production includes banknotes which result in varying degrees of EBITDA margin depending on the complexity of the features included.

Total shipments during the three months ended June 30, 2008 were 14,125 tonnes, comprised of 4,473 tonnes of security and specialty papers from the Landqart Mill and 9,652 tonnes of wallpaper base from the Dresden Mill. Total shipments during the three months ended June 30, 2007 were 12,578 tonnes, comprised of 3,841 tonnes of security and specialty papers from the Landqart Mill and 8,737 tonnes of wallpaper base from the Dresden Mill.

## Selected Financial Information and Statistics - Six Months Ended June 30

(thousands of dollars, except per unit amounts and shipments, unaudited)	June 30, 2008	June 30, 2007
Sales	98,927	73,692
EBITDA	12,827	7,160
Operating income	10,602	5,812
Net income	7,590	2,794
Shipments (tonnes)	29,129	26,048

## Second Quarter 2008 Financial Statements and Management's Discussion & Analysis

The Company's consolidated financial statements for the three and six month periods ended June 30, 2008 and related Management's Discussion and Analysis are available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **The Company**

Fortress Paper is a leading international producer of security and other specialty papers. The Company operates two paper mills, the Landqart Mill located in Switzerland and the Dresden Mill located in Germany. The Company's security papers include banknote, passport and visa papers and its specialty papers include non-woven wallpaper base products, and graphic and technical papers. As an extension of its security papers business, the Landqart Mill has been actively developing and marketing innovative paper-based security products.

## **Conference Call**

A conference call to discuss the financial results for the first quarter 2008 will be held on Tuesday, August 12, 2008 at 9:30 a.m. (PST). To attend the conference call, please dial one of the following toll free numbers:

North America: 1-866-585-6398

International: 416-849-9626

A replay of the conference call will be available for 7 days. To access the replay, listeners may dial 1-866-245-6755. The pass code to access the replay is 270118.

## **Forward-Looking Statements**

Some information in this news release contains forward-looking statements that reflect the current views and/or expectations of the Company with respect to its performance, business and future events. The reader is cautioned that forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements including, without limitation, those relating to damage to our reputation, competition, maintaining our market position, marketability and price of our products, technology and protection of our intellectual property, dependence on our major customers, fluctuations in the price and supply of raw materials, fluctuations in foreign exchange and other risk factors detailed in our filings with Canadian securities regulatory authorities. These risks, as well as others, could cause actual results and events to vary significantly. Fortress Paper Ltd. does not undertake any obligation to release publicly any revisions for updating any voluntary forward-looking statements.

For further information please contact:

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