



**FORTRESS PAPER ANNOUNCES SECOND QUARTER 2011 RESULTS**

**Vancouver, British Columbia, August 8, 2011** – Fortress Paper Ltd. (“Fortress Paper” or the “Company”) reported 2011 second quarter EBITDA of \$4.6 million on sales of \$90.3 million. For the first quarter of 2011 EBITDA was \$1.0 million on sales of \$85.5 million and for the three months ended June 30, 2010 EBITDA was \$8.3 million on sales of \$60.5 million.

Fortress reported adjusted net loss of \$1.0 million for the second quarter of 2011 or diluted adjusted loss per share of \$0.07. In the first quarter of 2011 the Company reported adjusted net loss of \$5.6 million or diluted adjusted loss per share of \$0.42. For the second quarter of 2010 the Company reported adjusted net income of \$4.5 million or diluted adjusted earnings per share of \$0.39.

The Pulp Segment produced operating earnings of \$3.3 million in the second quarter of 2011. This result reflects the innovation of our team to tailor a unique specialty product which enabled us to realize significantly higher pricing and a margin that could not have been attained producing traditional NBHK. Not only did this provide improved financial results, but through the extensive development and training that occurred to achieve the tolerances required for this new specialty grade pulp, we are better prepared for the coming transition to dissolving pulp production.

The non-woven wallpaper base segment nearly equaled its record first quarter performance with operating earnings of \$6.8 million. Margins remain strong and the order log is healthy. We will complete an additional upgrade to our facility during our annual August maintenance shutdown. This will add approximately 10% additional capacity which is expected to have a positive impact starting in the third quarter of 2011. The waste recycling plant continues to increase the overall efficiency of the mill allowing us to further improve our competitive position.

The security and specialty paper segment experienced another challenging quarter with an operating loss of \$6.8 million. The newly converted PM1 to a high security paper-machine is performing to specifications; however, similar to the first quarter of 2011, the Landqart mill second quarter 2011 results were impacted by high raw material costs and industry overcapacity due in part to the postponement of implementation of several major currencies. In addition, the strong Swiss currency continues to have a negative impact on the operational cost structure of the mill. As previously reported, the mill has consolidated production of bank note and security papers into PM1 and has temporarily suspended the commercial operation of the smaller PM2 which will be utilized for trials and sample production until such time as this additional capacity is required.

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. Adjusted net income (loss) is calculated as net income (loss) less specific items affecting comparability with prior periods and adjusted net income (loss) per share is calculated as adjusted net income (loss) divided by the weighted average number of shares outstanding in the period. EBITDA, adjusted net income (loss) and adjusted net income

(loss) per share are not generally accepted earnings measures and should not be considered as an alternative to net income or cash flows as determined in accordance with Canadian GAAP. As there is no standardized method of calculating these measures, the Company's EBITDA, adjusted net income (loss) and adjusted net income (loss) per share may not be directly 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, 2011 and the related notes thereon and our Management's Discussion and Analysis filed on SEDAR.

#### Three Months Ended June 30, 2011

(thousands of dollars, except per unit amounts and shipments, unaudited)	Q2 2011	Q1 2011	Q2 2010
Sales	89,906	85,488	60,544
EBITDA <sup>1</sup>	4,601	951	8,334
Operating (loss) income	619	(3,100)	2,374
Net (loss) income	2,907	(5,727)	41,816
Adjusted net (loss) income	(982)	(5,605)	4,514
Paper shipments (tonnes)	14,670	15,468	16,324
Pulp shipments (tonnes)	54,384	56,361	18,848

<sup>1</sup>See net income to EBITDA reconciliation.

#### Net income to EBITDA reconciliation:

(thousands of dollars, unaudited)	Q2 2011	Q1 2011	Q2 2010
Net income	2,907	\$(5,727)	41,816
Income tax	740	1,536	1,013
Foreign exchange (gain) loss	(3,889)	122	1,134
Net interest expense (income)	861	969	215
Fair value gain on acquisition	-	-	(41,804)
Start-up costs	-	-	3,368
Amortization	3,394	3,508	1,921
Stock based compensation	588	543	671
EBITDA	4,601	951	8,334

### The Company

Fortress Paper is a leading international producer of security and other specialty papers and products. Fortress operates three mills, the Landqart Mill located in Switzerland, the Dresden Mill located in Germany and the Fortress Specialty Cellulose Mill located in Quebec, Canada. Fortress Paper's security papers include banknote, passport and visa papers and its specialty papers include non-woven wallpaper base products, and graphic and technical papers. Fortress Paper's pulp business includes NBHK produced at the Fortress Specialty Cellulose Mill currently

in process of converting this capacity into dissolving pulp production along with the construction of a biomass based cogeneration plant.

### **Conference Call**

A conference call to discuss the financial results for the second quarter 2011 will be held on August 9, 2011 at 9:30 a.m. (PST). To attend the conference call, please dial one of the following numbers:

North America: 1-877-353-9586

International: 1-403-532-8075

Participant pass code: 98030#

Conference reference No.: 604941

A replay of the conference call will be available for 7 days. To access the replay, listeners may dial 1-877-353-9587 from North America or 403-699-1055 International. The conference reference number is 604941 followed by the number sign and the participant pass code to access the replay is 98030 followed by the number sign.

### **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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