



TSX: FTP

FORTRESS PAPER ANNOUNCES SECOND QUARTER 2014 RESULTS

Vancouver, British Columbia, August 6, 2014 – Fortress Paper Ltd. (“Fortress Paper” or the “Company”) reported a 2014 second quarter EBITDA loss of \$6.0 million. The Dissolving Pulp Segment generated EBITDA loss of \$4.2 million and the Security Paper Products Segment generated EBITDA loss of \$0.4 million. Corporate costs contributed \$1.4 million to EBITDA loss.

The Company is encouraged by the Fortress Specialty Cellulose mill results in the quarter ended June 30, 2014. Although the dissolving pulp market conditions continue to be challenging, production efficiencies and cash costs improved during the quarter and relative to comparative periods. The Dissolving Pulp Segment continues to be affected by poor market conditions and the anti-dumping duty imposed by China’s Ministry of Commerce in April 2014.

The Fortress Specialty Cellulose mill produced 31,039 air dried metric tonnes (“ADMT”) of dissolving pulp and 13,693 ADMT of northern bleached hardwood kraft (“NBHK”) pulp during the second quarter of 2014. The Company sold 27,723 ADMT of dissolving pulp and 15,620 ADMT of NBHK pulp in the second quarter of 2014.

The Landqart mill continues to implement new initiatives to improve efficiencies and profitability. EBITDA for the Security Paper Products Segment for the quarter ended June 30, 2014 was \$3.6 million lower when compared to the first quarter of 2014, and \$0.9 million lower compared to the second quarter of 2013. A large production run was shipped in early July and therefore not included in second quarter results. Less than favourable conditions, including the strength of the Swiss franc against the Euro and strong competition for orders putting pressure on pricing, continue to adversely impact the results of the Security Paper Products Segment. The Landqart mill achieved 1,921 tonnes of security paper sales in the second quarter of 2014, compared to 2,583 tonnes of security paper sales in the first quarter of 2014.

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 consolidated financial statements as at and for the three and six month period ended June 30, 2014 and the related notes thereto and Management’s Discussion and Analysis, which are available on SEDAR.

(thousands of dollars, except shipments, unaudited)	Q2 2014	Q1 2014	Q2 2013
Sales from continuing operations	67,262	53,856	59,883
EBITDA from continuing operations ⁽¹⁾	(5,994)	(13,626)	(8,356)
Net loss from continuing operations	(20,108)	(23,421)	(20,851)
Adjusted net loss from continuing operations ⁽²⁾	(18,438)	(25,858)	(20,632)
Paper shipments (tonnes) ⁽³⁾	1,921	2,583	1,953
Pulp shipments (ADMT)	43,343	20,259	38,006

(1) See Net Loss to EBITDA Reconciliation for Continuing Operations.

(2) See Net Loss to Adjusted Net Loss Reconciliation for Continuing Operations.

(3) From continuing operations.

Reference is made in this news release to 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. Reference is also made to adjusted net loss (calculated as net loss less specific items affecting comparability with prior periods) and adjusted net loss per share (calculated as adjusted net loss divided by the weighted average number of shares outstanding in the period). EBITDA, adjusted net loss and adjusted net loss per share are not generally accepted earnings measures 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 these measures, the Company's EBITDA, adjusted net loss and adjusted net loss per share may not be directly comparable with similarly titled measures used by other companies. Reconciliations of EBITDA and adjusted net loss to net loss reported in accordance with IFRS are included below.

Net Loss to Adjusted Net Loss Reconciliation for Continuing Operations:

(thousands of dollars, except per share amounts, unaudited)	Q2 2014	Q1 2014	Q2 2013
Net loss from continuing operations	(20,108)	(23,421)	(20,851)
Foreign exchange loss (gain)	1,670	(1,562)	(534)
(Gain) loss on sale of property, plant and equipment	-	(875)	753
Adjusted net loss	(18,438)	(25,858)	(20,632)
Basic and diluted net loss per share	(1.38)	(1.61)	(1.43)
Adjusted net loss per share, basic and diluted	(1.26)	(1.77)	(1.42)

Net Loss to EBITDA Reconciliation for Continuing Operations:

(thousands of dollars, unaudited)	Q2 2014	Q1 2014	Q2 2013
Net loss	(20,108)	(23,421)	(20,851)
Income tax (recovery) expense	(32)	(14)	3,392
Foreign exchange loss (gain)	1,670	(1,562)	(534)
Net finance expense	5,623	5,683	3,944
Amortization	7,219	6,325	4,281
(Gain) loss on sale of property, plant and equipment	-	(875)	753
Stock based compensation	(366)	238	659
EBITDA	(5,994)	(13,626)	(8,356)

The Company

Fortress Paper operates internationally in two distinct business segments: dissolving pulp and security paper products. The Company operates its dissolving pulp business through the Fortress Specialty Cellulose mill located in Thurso, Québec, Canada, which has expanded into the renewable energy generation sector with the construction of a cogeneration facility and the production of NBHK pulp. The Company operates its security paper products business at the Landqart mill located in Switzerland, where it produces banknote, passport, visa and other brand protection and security papers, and at its high security production and research facility located in Canada, where it manufactures optically variable thin film material. The segmentation of the Company's manufacturing operations is based on a number of factors, including production, production processes, and economic characteristics.

Conference Call

A conference call to discuss the financial results for the second quarter 2014 will be held on August 7, 2014 at 8:00 a.m. (PDT). To participate in the conference call, please dial one of the following numbers:

North America: 1-855-353-9183

Vancouver: 604-681-8564

Calgary and international: 403-532-5601

Edmonton: 780-429-5820

Toronto: 416-623-0333

Ottawa: 613-212-0171

Montreal: 514-687-4017

Participant pass code: 15086#

Conference Reference Number: 1161395#

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 1161395# and the participant pass code to access the replay is 15086 #.

For further information please contact:

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