

**For Immediate Release**



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TSX: FTP

## **FORTRESS PAPER ANNOUNCES THIRD QUARTER 2008 RESULTS**

**Vancouver, British Columbia, November 7, 2008** – Fortress Paper Ltd. (“Fortress Paper” or the “Company”) reported net income of \$2.3 million for the third quarter of 2008 on sales of \$45.2 million or basic and diluted earnings per share of \$0.22. For the third quarter of 2007 the Company reported net income of \$0.2 million on sales of \$34.1 million or basic and diluted earnings per share of \$0.02. In the second quarter of 2008 the Company reported net income of \$3.4 million on sales of \$49.1 million or basic and diluted earnings per share of \$0.33.

Chad Wasilenkoff, Fortress Paper’s chief executive officer stated: “Our results have shown significant growth in comparison to prior year figures which is a reflection of the success of our capital upgrades and focus on efficiencies and higher margin products. We are in a net cash position, our balance sheet and profit remain strong which are even of more significance in these challenging times with reference to the financial and credit crisis.”

### **Highlights**

EBITDA was \$6.2 million or 13.7% of sales for the three months ended September 30, 2008. For the three months ended September 30, 2007 EBITDA was \$2.2 million or 6.5% 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 capacity increases at both our mills and the continued shift towards higher margin products, particularly more non-woven wallpaper base at the Dresden mill. Increased input costs have been more than offset by improved efficiencies.

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 nine month periods ended September 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)	Q3 2008	Q2 2008	Q3 2007
Sales	45,175	49,138	34,065
EBITDA	6,234	6,184	2,196
Operating income	4,993	5,075	1,406
Net income	2,312	3,401	211
Shipments (tonnes)	12,843	14,125	12,798
Basic EPS	\$0.22	\$0.33	\$0.02
Weighted average shares outstanding basic (thousands)	10,302	10,248	10,049
Diluted EPS	\$0.22	\$0.33	\$0.02
Weighted average shares outstanding diluted (thousands)	10,471	10,423	10,986

## Operational Results

Sales for the three months ended September 30, 2008 totaled \$45.2 million. The Landqart Mill contributed \$19.1 million and the Dresden Mill contributed \$26.1 million of sales revenue. In the three months ended September 30, 2007 sales totaled \$34.1 million. The Landqart Mill and Dresden Mill contributed \$13.3 million and \$20.8 million, respectively. Sales for the three months ended September 30, 2008 were significantly higher relative to the prior year comparative period primarily due to capacity increases at both mills and the continued focus on higher margin products, particularly more non-woven wallpaper base at the Dresden mill.

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 September 30, 2008 were 12,843 tonnes, comprised of 4,286 tonnes of security and specialty papers from the Landqart Mill and 8,557 tonnes of wallpaper base from the Dresden Mill. Total shipments during the three months ended September 30, 2007 were 12,798 tonnes, comprised of 3,864 tonnes of security and specialty papers from the Landqart Mill and 8,934 tonnes of wallpaper base from the Dresden Mill.

## Selected Financial Information and Statistics - Nine Months Ended September 30

(thousands of dollars, except per unit amounts and shipments, unaudited)	September 30, 2008	September 30, 2007
Sales	144,102	107,757
EBITDA	19,061	9,356
Operating income	15,595	7,218
Net income	9,902	3,005
Shipments (tonnes)	41,972	38,846

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

The Company's consolidated financial statements for the three and nine month periods ended September 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 third quarter 2008 will be held on November 10, 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 153352.

## **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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