



TSX: FTP

FORTRESS PAPER ANNOUNCES SECOND QUARTER RESULTS

Vancouver, British Columbia, August 14, 2007 – Fortress Paper Ltd. (the “Company”) (TSX:FTP) today announced its unaudited financial results for its second fiscal quarter ended June 30, 2007. Net income of \$1.7 million was reported for the three months ended June 30, 2007 on sales of \$35.4 million compared to net income of \$1.1 million on sales of \$38.3 million in the prior quarter. For the six months ended June 30, 2007, Fortress Paper recorded net income of \$2.8 million on sales of \$73.7 million.

Highlights

EBITDA was \$4.3 million or 12.1% of sales for the three months ended June 30, 2007 compared to EBITDA of \$2.8 million or 7.3% of sales for the prior quarter. For the six months ended June 30, 2007 EBITDA was \$7.1 million or 9.6% of sales. For a reconciliation of net income to EBITDA please see the Management Discussion and Analysis available on SEDAR at www.sedar.com.

EBITDA is defined as operating earnings plus amortization 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 directly comparable with similarly titled measures used by other companies.

On June 28, 2007, the Company completed its initial public offering (“IPO”) of 5.0 million Common shares at a price of \$8.00 per share for total gross proceeds of \$40.0 million. Net of issuance costs, the Company received \$35.2 million. Approximately \$5.6 million from the proceeds of the IPO was used to repay the Stendal Note which was held at our Landqart operations.

On July 19, 2007, the Underwriters for our IPO exercised their option to purchase an additional 750,000 Common shares of the Company at a price of \$8.00 per share, bringing total gross proceeds from the IPO to \$46.0 million.

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 months ended June 30, 2007 and related notes and Management Discussion and Analysis filed on SEDAR.

	Q1	Q2	YTD
	2007		
	(unaudited, in thousands except earnings per share ("EPS"))		
Sales	38,251	35,441	73,692
Operating income	2,448	3,364	5,812
EBITDA	2,841	4,319	7,160
Net income	1,094	1,700	2,794
Basic EPS ⁽¹⁾	\$0.35	\$0.40	\$0.76
Diluted EPS ⁽¹⁾	\$0.20	\$0.38	\$0.69

⁽¹⁾EPS is calculated based on the weighted average number of shares outstanding for the period under consideration.

Operational Results

Prior year comparative financial information has not been presented because the Company acquired its assets from Mercer International Inc. effective August 1, 2006.

Sales for the three months ended June 30, 2007 totaled \$35.4 million, compared to \$38.3 million in the prior quarter. The decline in sales can be attributed to the strengthening Canadian dollar and the fact that the Landqart and Heidenau mills are order driven and sales can overlap quarter ends. The Company records revenue at the time product is shipped. The Landqart Mill contributed \$15.7 million and the Dresden Mill contributed \$19.7 million of sales revenue. In the three months ended March 31, 2007 the Landqart Mill and Dresden Mill contributed \$17.2 million and \$21.1 million, respectively.

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. The average sales revenue per tonne at the Landqart Mill was \$4,096 per tonne and at the Dresden Mill \$2,256 per tonne, during the period.

For the six months ended June 30, 2007 sales totaled \$73.7 million. The Landqart Mill contributed \$32.9 million and the Dresden Mill contributed \$40.8 million of sales revenue. Shipments for the same period have been 26,048 tonnes comprised of 8,266 tonnes of security and specialty papers from the Landqart Mill and 17,782 tonnes of wallpaper base from the Dresden Mill. The average sales revenue per tonne at the Landqart Mill and Dresden Mill was \$3,983 per tonne and \$2,293 per tonne, respectively, during the period.

The Company's results were adversely affected by the appreciating Canadian dollar relative to the Euro and Swiss Franc. Relative to the Canadian dollar, the average Euro and Swiss Franc rates have weakened from the first quarter averages by approximately \$0.028 and \$0.026 respectively. Based on pro forma production and sales for the year ended December 31, 2006, every \$0.01 increase in the Canadian dollar relative to the Euro and Swiss Franc impacts EBITDA negatively by approximately \$100,000 on an annualized basis.

The Company

The Company 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 second quarter 2007 financial and operating results will be held on Wednesday, August 15, 2007 at 13:30 PDT. To attend the conference call, please use the following dial-in numbers: 604-899-1159 from Vancouver; 403-232-6311 from Calgary or international; 780-424-5694 from Edmonton; 416-883-0139 from Toronto; 613-212-4230 from Ottawa; 514-395-2055 from Montreal

Toll-free dial-in number: 1-888-458-1598 from elsewhere in Canada and the United States

Participant pass code: 77788#

A replay of the conference call will be available for seven days. To access the replay in Canada (other than Calgary) or the United States, listeners may dial 1-877-653-0545. The Calgary and international dial-in number for the replay is 403-232-0933. The pass code to access the replay is 509229#.

Forward-Looking Statements

Some information in this news release contains certain 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 obligations to release publicly any revisions for updating any voluntary forward-looking statements

For further information please contact:

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Neither the Toronto Stock Exchange nor any other regulatory body has reviewed and therefore does not accept responsibility for the adequacy or accuracy of this release.

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