

**For Immediate Release**



TSX: FTP

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

**Vancouver, British Columbia, March 3, 2009** – Fortress Paper Ltd. (“Fortress Paper” or the “Company”) reported net income of \$2.8 million for the fourth quarter of 2008 on sales of \$46.3 million or basic and diluted earnings per share of \$0.27. For the fourth quarter of 2007 the Company reported net income of \$2.3 million on sales of \$37.5 million or basic and diluted earnings per share of \$0.22. In the third quarter of 2008 the Company reported net income of \$2.3 million on sales of \$43.7 million or basic and diluted earnings per share of \$0.22.

Included in net income for the fourth quarter of 2008 was a foreign exchange loss of \$0.1 million. Included in net income for the third quarter of 2008 and the fourth quarter of 2007 were foreign exchange losses of \$1.3 million and \$0.1 million, respectively.

For the year ended December 31, 2008, Fortress Paper recorded net income of \$12.7 million on sales of \$189.0 million. For the year ended December 31, 2007, the Company recorded net income of \$5.3 million on sales of \$145.3 million. Net income for the years ended December 31, 2008 and 2007 included foreign exchange losses of \$0.6 million \$0.4 million, respectively.

Chad Wasilenkoff, Fortress Paper’s chief executive officer stated: “2008 was an excellent year for Fortress Paper Ltd. as we continued to achieve our goals for organic growth. In comparison to prior year figures, we have achieved significant growth in sales, EBITDA, and earnings which is a reflection of the success of our capital upgrades and our focus on efficiencies and higher margin products. While the end of 2008 showed signs of weakening demand for our wallpaper products recently there has been a steady and marked improvement and our order book continues to strengthen. While it is still too early to extrapolate this demand for the rest of the year, management remains confident to be able to continue to deliver shareholder value in 2009. With competitive advantages at both of our mills and combined with our strong balance sheet and cash of \$26.2 million we feel we are well positioned during this current environment of global financial instability.”

### **Highlights**

The Company results have shown significant earnings growth in comparison to prior year figures which is a reflection of the success of capital upgrades and focus on efficiencies and higher margin products.

EBITDA was \$6.0 million or 13.2% of sales for the three months ended December 31, 2008. For the three months ended December 31, 2007 EBITDA was \$4.3 million or 11.3% of sales.

EBITDA was \$25.0 million or 13.2% of sales for the year ended December 31, 2008 compared to \$13.6 million or 9.4% of sales for the year ended December 31, 2007.

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.

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 audited consolidated financial statements as at and for the year ended December 31, 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 per unit amounts and shipments, unaudited)	Q4 2008	Q3 2008	Q4 2007
Sales	46,331	43,744	37,537
EBITDA	5,966	6,234	4,255
Operating income	4,399	4,993	3,380
Net income	2,778	2,312	2,279
Shipments (tonnes)	11,528	12,843	13,247
Basic EPS	\$0.27	\$0.22	\$0.22
Weighted average shares outstanding basic (thousands)	10,236	10,302	10,204
Diluted EPS	\$0.27	\$0.22	\$0.22
Weighted average shares outstanding diluted (thousands)	10,236	10,471	11,141

### Operational Results

Sales for the three months ended December 31, 2008 were significantly higher relative to fourth quarter of 2007 primarily due to capacity increases at both our mills which were largely completed in the third quarter of 2007 and the continued shift towards higher margin products, particularly more non-woven wallpaper base at the Dresden mill. Sales for the three months ended December 31, 2008 were slightly lower when compared to the previous quarter due mainly to an unexpected decrease in demand at our Dresden location based on the developments in the global economy.

Landqart produces various security and specialty 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 December 31, 2008 were 11,528 tonnes, comprised of 4,338 tonnes of security and specialty papers from the Landqart Mill and 6,911 tonnes of wallpaper base from the Dresden Mill. Total shipments during the three months ended December 31, 2007 were 13,247 tonnes, comprised of 4,138 tonnes of security and specialty papers from the Landqart Mill and 9,109 tonnes of wallpaper base from the Dresden Mill.

#### Selected Financial Information and Statistics for the Years Ended:

(thousands of dollars, except for shipments, unaudited)	December 31, 2008	December 31, 2007
Sales	189,002	145,294
EBITDA	25,027	13,611
Operating income	19,994	10,598
Net income	12,680	5,284
Shipments (tonnes)	53,221	52,093

## **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 fourth quarter 2008 will be held on March 4, 2009 at 9:30 a.m. (PST). To attend the conference call, please dial one of the following toll free numbers:

Participant pass code: 70357#

North America: 1-888-205-4499

International: 403-269-4703

A replay of the conference call will be available for 7 days. To access the replay, listeners may dial 1-877-245-4531. The pass code to access the replay is 782134.

## **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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