



**FORTRESS PAPER ANNOUNCES RECORD THIRD QUARTER 2010 RESULTS**

**Vancouver, British Columbia, November 8, 2010** – Fortress Paper Ltd. (“Fortress Paper” or the “Company”) reported adjusted net income of \$3.9 million for the third quarter of 2010 on sales of \$87.0 million. In the third quarter of 2009 the Company reported adjusted net income of \$3.8 million on sales of \$51.0 million. For the second quarter of 2010, the Company reported adjusted net income of \$4.3 million on sales of \$60.5 million.

Reported EBITDA for the Company was \$8.9 million for the third quarter of 2010, an improvement compared to \$8.1 million in the second quarter of 2010 and \$7.0 million in the third quarter of 2009. Pulp prices retreated from their peaks during the quarter which reduced the contribution from our Fortress Specialty Cellulose mill, but aided our Dresden mill results. The Landqart mill is undergoing a significant conversion of its PM1. The PM1 is being rebuilt from a specialty paper machine into an efficient bank note paper machine. In addition, the mill encountered an unforeseen disruption from a bank note customer which has delayed higher margin security paper orders. This delay was not the result of any Landqart actions.

The Company’s third quarter record EBITDA was the result of significant contribution from the recently acquired Fortress Specialty Cellulose mill and the continued strong performance from the Dresden mill.

For the nine months ended September 30, 2010, Fortress Paper recorded adjusted net income of \$11.1 million or \$1.03 per share (\$0.94 per share diluted) on sales of \$197.8 million. For the nine months ended September 30, 2009, the Company recorded adjusted net income of \$9.1 million or \$0.88 per share (diluted and non-diluted) on sales of \$147.3 million.

Reported EBITDA for the Company was \$22.8 million for the nine months ended September 30, 2010, an improvement compared to \$17.7 million in the nine months ended September 30, 2009. The EBITDA improvement is primarily due to the contributions of the Fortress Specialty Cellulose 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.

The third quarter of 2010 has been a very busy time for the Company with significant progress being made on several fronts. At Landqart, the rebuilding of PM1 into a banknote machine is on track. At this point, Landqart is on schedule for a January 2011 start. The Company anticipates a challenging fourth quarter from Landqart during the period in which the PM1 is rebuilt. At the Dresden mill, operations continue to run very smoothly. At the Fortress Specialty Cellulose mill, the conversion is on track and we still anticipate a shift to dissolving pulp in the third quarter of

next year. The underlying markets for dissolving pulp remain strong which provides us further conviction in our attempts to expand further in this business segment.

## 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 period ended September 30, 2010 and the related notes thereon and our Management's Discussion and Analysis filed on SEDAR.

### *Three Months Ended September 30, 2010*

(thousands of dollars, except shipments, unaudited)	Q3 2010	Q2 2010	Q3 2009
Sales	86,971	60,544	51,000
EBITDA <sup>1</sup>	8,930	8,102	6,967
Operating income	6,159	1,440	5,198
Net income	5,148	40,378	3,467
Adjusted net income	3,854	4,261	3,832
Paper shipments (tonnes)	16,452	16,324	14,304
Pulp shipments (tonnes)	60,469	18,848	-

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

### *Net income to EBITDA reconciliation:*

(thousands of dollars, unaudited)	Q3 2010	Q2 2010	Q3 2009
Net income	\$5,148	\$40,378	\$3,467
Income tax	2,243	1,067	1,090
Foreign exchange (gain) loss	(1,294)	1,638	365
Fair value gain on acquisition	-	(41,804)	-
Start-up costs	-	3,368	-
Acquisition costs expensed	-	681	-
Interest expense	62	160	276
Amortization	2,192	2,029	1,350
Stock based compensation	579	585	419
EBITDA	\$8,930	\$8,102	\$6,967

## 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 with

plans to convert 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 third quarter 2010 will be held on November 9, 2010 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: 22696#

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 pass code to access the replay is 388891#.

### **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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