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TSX: FTP

**FORTRESS PAPER ANNOUNCES FIRST QUARTER 2011 RESULTS**

**Vancouver, British Columbia, June 14, 2011** – Fortress Paper Ltd. (“Fortress Paper” or the “Company”) reported 2011 first quarter EBITDA of \$1.0 million on sales of \$85.5 million. For the fourth quarter of 2010 EBITDA was \$3.6 million on sales of \$83.5 million and for the three months ended March 31, 2010 EBITDA was \$5.1 million on sales of \$50.3 million.

At Landqart, the Company completed the successful transformation of PM1 to a high security paper-machine and began production of bank note papers on the new machine. The rebuilt PM1 allows the Company to consolidate bank note and high security papers production on PM1 and significantly improve overall production efficiency. By consolidating production of bank note and security papers into PM1, the Landqart mill has temporarily suspended the commercial operation of paper machine number 2 and will utilize it only for trials and sample production until such time as this additional capacity is required. The plan to improve our production efficiency has resulted in a reduction of our overall labour requirements. The full impact of the plan to improve overall efficiency will be realized in the fourth quarter of 2011. With escalating raw material costs in cotton and over capacity due to the postponement of implementation of several major currencies, 2011 will be a challenging year for Landqart and the banknote industry.

The results at Fortress Specialty Cellulose reflect weakening NBHK prices that have come off their peaks reached in 2010 and a strengthening Canadian dollar. The shut-down of the mill for conversion to dissolving pulp is scheduled for late third quarter 2011. The underlying markets for dissolving pulp remain strong which continues to provide management with conviction in our attempts to expand further in this business segment.

The first quarter of 2011 reflects continued strong profitability at our Dresden operations resulting in a record quarterly result. The order log continues to show strength and the mill productivity and profitability has exceeded management’s expectations.

In the first quarter of 2011, Fortress completed the acquisition of the assets of the Bank of Canada's Optical Security Material (OSM) division (the "OSM Assets"), which produces the optically variable material for the security threads contained in various banknotes, including application in the Canadian banknotes. The Company paid a purchase price of \$0.75 million for the OSM assets and granted the Bank of Canada a royalty-free license to use the intellectual property sold to the Company for Canadian banknote applications.

In February of 2011, Fortress completed a public offering of 967,000 common shares of the Company and the underwriters exercised their over-allotment option and purchased an additional 145,050 common shares at a price of \$51.75 per share, resulting in aggregate gross proceeds under the offering of \$57.5 million. Proceeds of the offering are being used to finance certain capital expenditures relating to its Fortress Specialty Cellulose Mill in Thurso, Quebec and the construction of a high security facility adjacent to the Fortress Specialty Cellulose Mill which will house the Company's OSM Assets recently acquired from the Bank of Canada, and for working capital and general corporate purposes.

The remaining \$7 million principal amount of the Company's \$15 million unsecured convertible debenture that was issued on April 30, 2010 has been converted. The Company has issued 350,000 common shares with this redemption.

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. Adjusted Net Income (Loss) is calculated as Net Income (Loss) less specific items affecting comparability with prior periods and Adjusted Net Income (Loss) per Share is calculated as Adjusted Net Income (Loss) divided by the weighted average number of shares outstanding in the period. EBITDA, Adjusted Net Income (Loss) and Adjusted Net Income (Loss) per Share are not generally accepted earnings measures and should not be considered as an alternative to net income or cash flows as determined in accordance with Canadian GAAP. As there is no standardized method of calculating these measures, the Company's EBITDA, Adjusted Net Income (Loss) and Adjusted Net Income (Loss) per Share may not be directly 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 month period ended March 31, 2011 and the related notes thereon and our Management's Discussion and Analysis filed on SEDAR.

#### ***Three Months Ended March 31, 2011***

(thousands of dollars, except per unit amounts and shipments, unaudited)	Q1 2011	Q4 2010	Q1 2010
Sales	85,488	83,467	50,304
EBITDA <sup>1</sup>	951	3,647	5,105
Operating (loss) income	(3,100)	(10,399)	3,430
Net (loss) income	(5,727)	(12,790)	(397)
Adjusted net (loss) income	(5,605)	(929)	2,252
Paper Shipments (tonnes)	15,468	15,406	16,386
Pulp Shipments (tonnes)	56,361	62,038	-

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

## Net income to EBITDA reconciliation:

(thousands of dollars, unaudited)	Q1 2011	Q4 2010	Q1 2010
Net income	\$(5,727)	\$(12,790)	\$(397)
Income tax	1,536	1,623	1,520
Foreign exchange (gain) loss	122	513	2,073
Net Interest expense (income)	969	255	234
Amortization	3,508	3,062	1,372
Stock based compensation	543	5,984	303
Executive cash award	-	5,000	-
EBITDA	\$951	\$3,647	\$5,105

## 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 currently in process of converting 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 first quarter 2011 will be held on June 15, 2011 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: 98030#

Conference reference No.: 545090

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 conference reference number is 545090 followed by the number sign and the participant pass code to access the replay is 98030 followed by the number sign.

## 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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