



NEWS RELEASE
For immediate release

TSX: SFK.UN

SFK PULP OBTAINS A WAIVER FROM ITS LENDERS **Waiver obtained through June 2010**

Longueuil, Québec, July 22, 2009 – SFK Pulp announces today that it has reached an agreement with its lenders to amend its existing credit agreement. SFK Pulp sought the amendment to cure the breach of the 2.0:1.0 Interest Coverage Ratio provided under its credit agreement as of June 30, 2009. The amendment provides for a waiver of the Interest Coverage Ratio through June 30, 2010 (inclusively) and its reinstatement starting July 1, 2010 at a level of 1.85:1.0, escalating to 2.5:1.0 until maturity of the Term Facility on October 30, 2012.

“This agreement was a key element of our plan to manage SFK Pulp through historic market conditions. We will continue to prudently manage liquidity as we see signs of recovery in the demand for our pulp” said Pierre Gabriel Côté, President and Chief Executive Officer of SFK Pulp.

The variable interest rate applicable to the Term Facility was increased by 250 basis points (with a base rate floor of 2.0%) and the interest resulting from such increase will be capitalized. As for the Revolving Facility, the applicable variable interest rate was increased by 287.5 basis points.

During the waiver period, SFK Pulp agreed to a more restrictive debt to total capitalization ratio and to the addition of a minimum liquidity covenant, as well as the achievement of a quarterly cumulative minimum amount of EBITDA.

Other modifications required during the waiver period include limitations on capital expenditures and on interest payments on the convertible debentures under certain circumstances, as well as a prohibition on distributions to unitholders. Furthermore, certain permanent amendments have been made to the credit agreement, including a limitation on the amount of capital expenditures (excluding those financed by the Canadian black liquor tax credit in Saint-Félicien). In consideration of this amendment, SFK Pulp will pay a fee to each accepting lender.

About SFK Pulp

SFK Pulp (TSX: SFK.UN), a leading producer and marketer of premium virgin and recycled kraft pulp, operates three mills in Saint-Félicien, Québec, Fairmont, West Virginia, and Menominee, Michigan. SFK Pulp employs approximately 550 people and has a total annual production capacity of 745,000 metric tonnes. The Saint-Félicien Mill supplies northern bleached softwood kraft (NBSK) pulp to various sectors of the paper industry in Canada, the United States and Europe for use in specialty products. The Fairmont and Menominee Mills manufacture air-dried market recycled bleached kraft (RBK) pulp and primarily supply manufacturers of uncoated freesheet, commercial and away-from-home tissue and coated paper in the U.S.

- 30 -

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