



Press Release

For Immediate Release

TSX: SFK.UN

Allocation of \$20.9 million in credits from the Government of Canada **SFK PULP PLANS TO INCREASE ITS GREEN ENERGY PRODUCTION**

Longueuil, Québec, March 29, 2010 - The President and CEO of SFK Pulp, Pierre Gabriel Côté, today unveiled a major turbogenerator project at a press conference held at the Saint-Félicien SFK Pulp mill, a conference that also involved the participation of Denis Lebel, Minister of state for the Economic Development Agency of Canada for the regions of Quebec. As a result of the \$20.9 million credit allocation from the Government of Canada, awarded under the Pulp and Paper Green Transformation Program (PPGTP), SFK Pulp plans to increase its green energy production.

“The \$20.9 million in credits represent a major support, and I would like to thank Minister Lebel for his support. Such federal government assistance is a real incentive toward the completion of a very important project for SFK Pulp with the addition of a turbogenerator to the existing cogeneration facilities at the Saint-Félicien mill. This project will not only allow us to increase our leadership in green energy production but it will also improve our Saint-Félicien mill’s competitiveness, and generate an additional source of revenues. Furthermore, this project will consolidate the jobs and ensure the long term future of the Saint-Félicien mill,” incidated Pierre Gabriel Côté.

This project will increase green energy production capacity at the Saint-Félicien mill by nearly 30%, from 33 MW to 42.5 MW. “Another step forward towards the realization of that project was taken on February 12 with the signing of an electricity supply agreement with Hydro-Québec. Since the mill was already self-sufficient in terms of energy, the additional 9.5 MW of electricity will be sold entirely to Hydro-Québec Distribution beginning in December 2012,” added Mr. Côté.

Subject to obtaining all required approvals for this project, SFK Pulp expects to start engineering work in the coming weeks. Construction works will start in 2011 and will last for 18 months approximately. The new turbogenerator is expected to be operational in December 2012.

ABOUT SFK PULP

SFK Pulp (TSX: SFK.UN), a leader in the production and distribution of high-quality virgin and recycled kraft pulp, operates three mills located in Saint-Félicien, Québec, Fairmont, West Virginia, and in Menominee, Michigan. The SFK Pulp workforce totals a little over 500 employees. The company's annual production capacity reaches 745,000 metric tons. The Saint-Félicien mill provides northern bleached softwood kraft pulp (product known as NBSK pulp) to various sectors of the paper industry in Canada, the

United States and Europe, for use in the production of specialized products. The Fairmont and Menominee mills manufacture air-dried recycled bleached kraft pulp (product known as RBK pulp) and primarily supply manufacturers of fine uncoated paper, household paper for commercial and industrial uses, and coated paper in the United States.

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