



News Release

For immediate release

TSX : FBK

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FIBREK FILES PRELIMINARY RIGHTS OFFERING PROSPECTUS

Longueuil, Québec, May 27, 2010 - Fibrek Inc. (TSX: FBK) ("**FibreK**") is pleased to announce that it has filed a preliminary short form prospectus in each of the provinces and territories of Canada relating to a rights offering (the "Offering") to subscribe for common shares of Fibrek for gross proceeds of approximately CAD\$40,000,000.

As previously disclosed on May 12, 2010, Fibrek's largest shareholder, Fairfax Financial Holdings Limited ("**Fairfax**") has agreed, pursuant to a standby purchase agreement, to purchase all of the common shares not otherwise purchased pursuant to the exercise of rights under the Offering at the expiration date. In consideration for entering into the standby purchase agreement, Fairfax received a fee of \$400,000 representing 1% of the total gross proceeds of the Offering.

TD Securities Inc. is acting as dealer manager for the Offering.

As previously disclosed on May 12, 2010, the Offering is part of a series of transactions to refinance Fibrek's existing revolving credit facility maturing on October 30, 2010 (the "**Existing Revolving Facility**") and existing term loan facility maturing on October 30, 2012 (the "**Existing Term Loan**") in the aggregate principal amount of approximately \$143 million as at March 31, 2010 (the "**Debt Repayment**"). The Debt Repayment will be funded by (i) the entering into of a term loan with a subsidiary of Société générale de financement du Québec ("**SGF**") for an amount in Canadian dollars equivalent to US\$75 million (the "**SGF Loan**"), (ii) the net proceeds of the Offering; and (iii) the entering into of an asset-based secured revolving credit facility with GE Canada Finance Holding Company ("**GE Capital**"), as lender and agent, with available borrowings initially expected to be approximately \$75 million (the "**Asset-Based Credit Facility**", and together with the SGF Loan and the Offering, the "**Refinancing Transactions**"). Each of the components of the Refinancing Transactions referred to above is conditional upon the closing of all other components of the Refinancing Transactions.

The record date, the expiry date and the number of rights required to purchase one common share will be determined at the time of filing of a final short form prospectus. Holders of common shares of Fibrek that fully exercise their rights will be entitled to subscribe for additional common shares, if available, that were not subscribed for by other rights holders. The rights will be exercisable for at least 21 days following the date of mailing of the final prospectus. The Offering is subject to regulatory approval, including the approval of the Toronto Stock Exchange.

About Fibrek

FibreK (TSX: FBK) is a leading producer and marketer of high-quality virgin and recycled kraft pulp. The company operates three mills located in Saint-Félicien, Québec, Fairmont, West Virginia, and in Menominee, Michigan with a combined annual production capacity of 745,000 tonnes. Fibrek has approximately 500 employees. 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.

Forward-Looking Statements

Certain statements in this press release, including but not limited to, the anticipated benefits of the Refinancing Transactions and the ability to pursue business objectives and other statements that are not historical facts, are "forward-looking statements" which reflect the intentions, plans, expectations and beliefs of Fibrek's management ("Management") regarding the Fibrek's future growth, results of operations, performance and business prospects and opportunities. In certain instances, these statements require Management to make assumptions and there is significant risk that these assumptions may not be correct. The words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", and similar expressions, as they relate to Fibrek or Management, often identify forward-looking statements. Such forward-looking statements reflect Management's current beliefs and are based on information currently available to Management. Forward-looking statements involve known and unknown risks, uncertainties and other factors outside Management's control. A number of factors could cause actual results of Fibrek to differ materially from the results discussed in the forward-looking statements, including, but not limited to: risks associated with pulp prices and sales volume, exchange rate fluctuations, wood fibre and wastepaper supply and costs at the Saint-Félicien mill, the Fairmont mill and the Menominee mill (collectively, the "Mills"), cost and supply of raw materials (including chemicals and energy), pension contributions, competition, dependence upon key customers, increased production capacity in the market, equipment failure, disruptions of production, capital requirements, labour relations, transportation disruptions, insurance matters, environment, health and safety requirements, loan defaults, credit facilities and interest rates, availability of capital to meet obligations, acquisitions and failure to integrate businesses, and other factors referenced under "Risk Factors" in SFK Pulp Fund's MD&A for the year ended January 31, 2009 and in the Fund's and Fibrek's continuous disclosure filings. Although the forward-looking statements contained herein are based upon what Management believes to be reasonable assumptions, Management cannot assure investors that actual results will be consistent with these forward-looking statements. Certain assumptions underlying the forward-looking statements contained in this press release and in Fibrek's and SFK Pulp Fund's continuous disclosure filings include assumptions to the effect that wood fibre deliveries to Fibrek will continue as contemplated in Fibrek's fibre supply agreements, future cash flows will be sufficient to cover operating needs contemplated, capital expenditures and contractual obligations, no extraordinary event will require increased capital expenditures, wood fibre and wastepaper deliveries to Fibrek will be sufficient to fulfill the requirements, wood fibre and wastepaper costs will not increase materially, pulp prices and exchange rates will not significantly deteriorate, pulp demand will not significantly deteriorate, the trends underlying the increase in demand for RBK pulp will continue, operation costs will not increase materially, interest expenses and production outputs will remain stable. These forward-looking statements are made as of the date hereof, and, except as required pursuant to applicable securities laws, Management assumes no obligation to update or revise them to reflect new events or circumstances. These statements do not reflect the potential impact of any special items or of any business combination or other transaction that may be announced or that may occur after the date hereof. Readers are cautioned not to place undue reliance on these forward-looking statements.

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Information:

Investor Relations:	Patsie Ducharme	(450) 442-8884
	Vice President and Chief Financial Officer	
Media Relations:	Dany Paradis	(450) 442-8882
	Vice President, Change Management and Supply Chain	