



News Release

For Immediate Release

TSX : FBK

www.fibrek.com

FIBREK IS PLEASED TO ANNOUNCE THE SUCCESSFUL COMPLETION OF ITS REFINANCING TRANSACTIONS

HIGHLIGHTS:

- A comprehensive refinancing of approximately \$190 million supported by committed financial partners
- A strong and sustainable balance sheet with a reduced debt and lower interest expenses
- A debt-to-total capitalization ratio which is reduced from 32% to 23% and is amongst the lowest in the industry

Longueuil, Québec, July 16, 2010 - Fibrek Inc. (TSX: FBK) today announced that it has successfully completed its previously announced refinancing transactions comprised of:

- a 5-year secured term loan with a subsidiary of the Société générale de financement du Québec (SGF), for an amount of \$78 million bearing interest at a rate of 8.25% per year;
- a \$75 million three-year asset-based secured revolving credit facility with GE Canada Finance Holding Company; and
- a \$40 million (gross proceeds) rights offering pursuant to which Fibrek issued an aggregate of 39,602,848 common shares, of which: (1) 28,057,068 were issued upon the exercise of the basic subscription privilege, (2) 2,996,274 were issued pursuant to the additional subscription privilege; and (3) 8,549,506 were issued under a standby purchase agreement with Fairfax Financial Holdings Limited. Following completion of the rights offering, Fairfax now owns approximately 25.85% of the issued and outstanding common shares of Fibrek.

"We are very pleased to have successfully completed this comprehensive refinancing which is a cornerstone to our future growth and success. We are also very proud to have concluded these transactions despite extremely difficult economic conditions. We are privileged to count on the support of such financial partners which further confirms the strength of our business model. Fibrek is well positioned to benefit from a recovering economy with a reduced debt, superior liquidities and the ability to better pursue its business objectives and seize appropriate investment opportunities as they arise," indicated Pierre Gabriel Côté, President and Chief Executive Officer of Fibrek Inc.

"This refinancing has allowed Fibrek to repay its existing revolving credit facility maturing on October 30, 2010 and its existing term loan maturing on October 30, 2012. As a result of this refinancing, the company has improved its debt-to-total capitalization ratio to 23%, has reduced its interest expenses and has extended its debt maturity profile. As evidenced by Standard & Poor's Ratings Services' recent upgrade of our corporate credit rating to B-, this puts Fibrek in a stronger financial position to face any future volatility in our business," concluded Patsie Ducharme, Vice President and Chief Financial Officer of Fibrek Inc.

TD Securities Inc. has acted as exclusive financial advisor to Fibrek Inc. in this refinancing.

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

This press release contains “forward-looking statements” within the meaning of applicable securities laws. These statements include, but are not limited to, statements about the anticipated benefits of the refinancing transactions and the ability to pursue business objectives and similar statements concerning Fibrek’s future outlook, business strategy, plans, expectations, results or actions, or the assumptions underlying any of the foregoing. Forward-looking statements can generally be identified by words such as “may”, “should”, “would”, “could”, “will”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “expect”, “outlook” and similar expressions. These statements are based on information currently available to Management and on the current assumptions, intentions, plans, expectations and estimates of Management regarding Fibrek’s future growth, results of operations, performance, business prospects and opportunities and ability to attract and retain customers as well as the economic environment in which it operates. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors which could cause actual results of Fibrek to differ materially from the conclusion, forecast or projection stated in such forward-looking statements. These risks, uncertainties and other factors include, but are not limited to: general economic conditions, pulp prices and sales volume, exchange rate fluctuations, cost and supply of wood fibre, wastepaper and other raw materials, pension contributions, competitive markets, dependence upon key customers, increased production capacity, equipment failure, disruptions of production, capital requirements, labour relations and other factors referenced in Fibrek’s MD&A for the year ended December 31, 2009 and Fibrek’s other continuous disclosure filings which are available on SEDAR at www.sedar.com. Readers should not place undue reliance on these forward-looking statements. These forward-looking statements are made as of the date of this press release, and, except as required by applicable securities laws, Fibrek assumes no obligation to update or revise them to reflect new events or circumstances.

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